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Southeast Asia Report

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SOUTHEAST ASIA REPORT

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AUSTRALIA

HURFORD SAYS INDONESIA VISIT WENT 'VERY WELL'

BK210539 Melbourne Overseas Service in English 0430 GMT 21 May 86

[Text] The immigration minister, Mr Hurford, said his 3-day visit to Jakarta went very well. He was speaking in Singapore after the visit. It was the first to Jakarta by an Australian minister since relations between the two countries soured last month following a publication by a Sydney newspaper of an article on the finances and business dealing of President Suharto and his associates. Mr Hurford said Indonesia had invited him to visit East Timor, but he was unlikely to have the time to do so in the near future. He hoped, however, an Australian immigration official would be able to make periodic visits to process applications for Timorese to join their families in Australia.

On the present state of Indonesian-Australian relations, Mr Hurford said his talks with four Indonesian ministers had gone very well. And he added certainly we are back in business, but it is not business as usual because the difficulties of the past will not be forgotten.

Mr Hurford said Australia and Indonesia had agreed action was needed to halt the flow of Indochinese boat people. On the question of the future of 11 Irianese who are claiming refugee status on Australian territory in Torres Strait after fleeing Irian Jaya, the Australian minister said the Indonesian Government had given an assurance that the border crossers would be welcomed back in Indonesia. He added that ways would be sought to encourage the 11 to return home.

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CSO: 4200/1139

AUSTRALIA

BRIEFS

KEATING DEFENDS ECONOMIC POLICY--The treasurer, Mr Keating, has defended the government's economic policy in the face of official figures showing a slowing in economic growth. Figures released today by the Bureau of Statistics show the economy actually shrank by 0.1 percent in the 3 months to March--a similar result as for the previous 3 months. Radio Australia's Canberra correspondent says many economists believe that no growth in two successive quarters means the economy has entered a recession. However, Mr Keating told Parliament the economy was growing steadily. He said that even if the national accounts figures did not improve in the next quarter, the government's target growth of 4.5 percent in 12 months would be achieved. He said he was confident that the growth figures would improve. Mr Keating said the figures have shown slower, but satisfactory growth and denied that the economy was slipping into recession. The opposition leader, Mr Howeard, called the figures alarming and said they indicated that Australia was faced with a domestic economic crisis. [Text] [Melbourne Overseas Service in English 0830 GMT 29 May 86 BK] /6662

OPPOSITION TO FRENCH NUCLEAR TESTS--The foreign affairs minister, Mr Hayden, has urged the French Government to take account of what he says are the strong antinuclear feelings of South Pacific countries. Responding to news of a furhter French nuclear test at its Pacific testing site at Mururoa Atoll, Mr Hayden said he reaffirmed his own government's strong opposition to the French tests. New Zealand scientists have reported that the seismological station at Rarotonga recorded a nuclear test on Mururoa Atoll on 27 May. Mr Hayden said it was the third test recorded this year following earlier tests on 7 May and 22 April. The yield of the latest test was estimated at approximately 2 kilotons. Mr Hayden said that opposition to nuclear testing had been given concrete international expression in the South Pacific Nuclear Free Zone Treaty. [Text] [Melbourne Overseas Service in English 0830 GMT 29 May 86 BK] /6662

INDONESIAN MILITARY PAPER'S CRITICISM--The foreign affairs Minister, Mr Hayden, says he is not taking too seriously strong criticism of Australia by the official newspaper of the Indonesian Armed Forces. The newspaper, ANGKATAN BERSENJATA, is reported to have described Australia as an arrogant and hostile country. The article says Australia is a threat to Indonesia because of what it says is a communist element in the Australian Labor Party. It also

criticizes the Australian news media and Australia's relations with other countries. However, Mr Hayden says the article did not warrant an Australian complaint. He said the article might represent the views of some groups or people associated with the Indonesian Government, but this did not mean it was espousing an official line. Mr Haydcn said the recent rift in relations between Canberra and Jakarta could have beneficial results allowing both sides to take a calm and detached view of the relationship. He also referred to comments by the Indonesian ambassador to Australia, Mr Marpaung, quoted in THE JAKARTA POST newspaper. Mr Marpaung was quoted as saying he was determined to build bridges between the two countries. [Text] [Melbourne Overseas Service in English 0430 GMT 3 Jun 86 BK] /6662

SOVIET TRACTORS--The Australian Wheat Board has bought nearly $1 million [Australian dollars] worth of Soviet tractors and motor vehicles for use by agricultural colleagues and high schools and grain handling authorities. The board's general manager, Mr (Ron Pace), says this will allow potential customers to see how the Soviet equipment performs under Australian conditions. He says promotion of the Soviet equipment will help ensure that the Soviet Union remains a long-term market for Australian wheat, particularly in light of the enormous wheat stock in the northern hemisphere. Mr (Pace) sayd the Soviet Union is the wheat board's leading customer this year and the board wants the imbalance in Soviet-Australian trade redressed. More than $1,000 million worth of Australian goods are expected to be purchased by the Soviets this year. Yet, often less [than] $20 million worth of Soviet products are sold in Australia each year. [Text] [Melbourne Overseas Service in English 0830 GMT 29 May 86 BK] /6662

MORE AID FOR SOLOMON ISLANDS--The Australian Navy flagship, "Stalwart", has left Brisbane bound for relief work in Solomon Islands. The ship is loaded with about 1,000 tons of food, emergency shelter, and medical supplies. "Stalwart's" departure follows an announcement from the federal government that it is to increase aid to the cyclone-stricken islands. In Canberra, the minister for foreign affairs, Mr Hayden, announced that Australia's aid would be boosted by about $500,000 to about U.S.$1.5 million. [Text] [Melbourne Overseas Service in English 0830 GMT 28 May 86 BK] /6662

BAN ON DUMPING RADIOACTIVE WASTE--Legislation banning the dumping of radioactive waste in Australian waters has been introduced in the Federal Parliament. The acting minister for environment, Mr Scholes, said the amendment to the Environment Protection Sea Dumping Act would prohibit the dumping of radioactive waste in Australian waters. This includes the 200-nautical mile Australian fishing zone and the Australian ships anywhere in the world. Mr Scholes said the amendment would give effect to Australia's prospective obligation under the South Pacific Nuclear Free Zone Treaty and the South Pacific Regional Envornment Program Convention. [Text] [Melbourne Overseas Service in English 0430 GMT 30 May 86 BK] /6662

CSO: 4200/1139

REPORTAGE ON LANGE VISIT TO EUROPE

Accuses France of 'Terrorism'

AU291632 Paris AFP in English 1334 GMT 29 May 86

[Text] Cologne, West Germany, May 29 (AFP)--Prime Minister David Lange of New Zealand on Thursday ruled out any special deal with France over the release of two French intelligence agents jailed in New Zealand over their part in the sinking of a Greenpeace vessel.

He also accused France of resorting to "terrorism" to protect its nuclear test programme in the South Pacific.

"France sent agents of the state to New Zealand to carry out an act of terrorism to protect its nuclear weapons testing," Mr. Lange told the sixth world congress of the International Physicians for the Prevention of Nuclear War (IPPNW).

Mr. Lange, who is on a European tour, later told a press conference that he hoped to find some common ground with France and develop a "more positive" dialogue". [quotation marks as received]

Last July, French secret service agents blew up and sank the Rainbow Warrior, the flagship of the Greenpeace environmental defence group, killing a Greenpeace photographer.

The ship was moored in Auckland harbor preparing to lead a flotilla to Mururoa atoll to protest French nuclear underground tests there.

Two French agents are serving 10-year prison sentences in New Zealand for their part in the attack, and Mr. Lange said Thursday that their arrest and sentencing was part of New Zealand's "fulfillment of its obligation to counter terrorism."

Mr. Lange said that Paris had not apologized or paid compensation to New Zealand for sinking the Rainbow Warrior.

He also said France continued testing nuclear weapons on Mururoa "over the objections of every independent South Pacific nation." New Zealand reported that France had carried [out] a nuclear test at Mururoa on Tuesday, the third there this year.

The New Zealand [as received] later left for Brussels on the next leg of his European tour that is to take him to the Netherlands, Sweden, Denmark, Britain and Ireland.

Calls for Cooperation With EEC

AU301906 Paris AFP in English 1844 GMT 30 May 86

[Text] Brussels, May 30 (AFP)--New Zealand Prime Minister David Lange insisted here Friday that differences between his country and France over the Greenpeace affair must not affect the renegotiation of an accord with the European Economic Community on New Zealand butter exports.

Though New Zealand wishes to normalize relations with France, it is not "prepared to negotiate under the duress of informal sanctions" on its products, Mr. Lange told a press conference after meeting European Commission President Jacques Delors.

Mr. Lange said he told Mr. Delors and other EEC officials that the tightening of markets in the EEC and the United States, along with the slide in the world dairy prices due to excess supply, had brought a third of New Zealand's farmers close to bankruptcy.

He called for cooperation between the EEC, the world's largest dairy exporter, and New Zealand on fighting the crisis in the world market.

EEC quotas on imports of New Zealand butter for 1987 and 1988 are due to be set by August 1. They were 79,000 tonnes this year, compared to 165,000 in 1973. Mr. Lange has indicated he would be satisfied with quotas as of 77,000 tonnes in 1987 and 75,000 in 1988, a European Commission spokesman said.

Paris has not vetoed a renewal of the trade accord, the New Zealand premier told reporters, adding that other EEC countries would not agree to such a move in any case.

The French Government has demanded the release of two agents of the French secret service who were imprisoned in New Zealand after being found guilty of sinking a Greenpeace anti-nuclear protest ship in Auckland harbour last July. Mr. Lange re-affirmed Friday that the agents would remain in prison.

The New Zealand premier, who met with King Baudouin of Belgium Friday morning and Belgian Prime Minister Wilfried Martens Thursday, expressed satisfaction on the good relations between the two countries.

Mr. Lange was due to leave Brussels Friday afternoon for the Netherlands, the next leg in his two-week tour of Europe.
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CSO: 4200/1140

FOUR CABINET MEMBERS ACCUSED OF 'STICKY FINGERS'

HK031157 Manila THE MANILA EVENING POST in English 31 May 86 pp 1, 3

[Article by Serafin C. Ledesna, Jr.]

[Text] Davao City--Former Sorsogon Gov. Juan Frivaldo today said there are at least four Cabinet ministers in the Aquino government who "have sticky fingers."

He said the new government of President Aquino must start with clean faces, especially the Cabinet members, who should lead by example. "Many have sticky fingers, are arrogant, and talking like mad," Frivaldo said. He refused to name them.

The fiery Sorsogon politician who sought asylum in the U.S. after escaping two murder attempts on his life during the martial law regime said he left the country in 1977, went to Iran where he established a small import-export market for bananas, and had his first brush with a Marcos crony who, he said, cornered the banana market in the Middle East.

Frivaldo then transferred to the U.S. where he was in exile until the Peoples Revolution last Feb. 22-25.

Frivaldo said that in due time, the list of former 1971 Constitutional convention delegates who received P30,000 "payola" from Marcos will be revealed.

He said that the manuscripts of former Con-Com Delegate Eduardo Quintero which contained the names of the payola recipients have been recovered.

Quintero, Frivaldo said, died in San Francisco General Hospital. He died a pauper. However, it was unearthed that he had $80,000 in his name in a bank in New York City. The money came from the sale of a house which Quintero owned in Japan.

"It would be interesting to know who is now in the possession of that money," Frivaldo said. He added that some Con-Com nominees are on the list.

Frivaldo said the Aquino government must sell sequestered companies and loan the proceeds to rebel returnees. He said Aquino must stop the profligacy, intensify exports, and diversify agriculture crops.

The Labor Ministry must stop the in-fighting between labor and management, Frivaldo said.

He added there are numerous friendly nations which want to help the Philippines back to its economic footing.

"The call of President Aquino for rebels to surrender will never be heard unless the government can offer something substantive. Give them a house [words indistinct] a little loan to start business, and you can convince them to come down," Frivaldo said.

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CSO: 4200/1138

NEWSPAPERS VIEW AQUINO'S ACHIEVEMENTS AS QUESTIONABLE

First Two Steps Deserve Encouragement

Quezon City WE FORUM in English 6-12 May 86 p 2

[Editorial: Two Most Important Steps"]

[Text]

If we were to pick President Aquino's two most important decisions so far, they would be her peace initiative with the communist insurgents and the writing of a new Constitution. The two steps contain the true seeds of reformation that can touch the lives of us all.

On the one hand, the President's opening the door to Left participation in government signifies a strong desire to see if their ideas of spreading the fruits of development are workable and can find general acceptance in a peaceful, perhaps modified capitalist, setting. On the other, the new charter would be the ground rules under which the parties will play. The first seems to flow into the other.

The one factor that seems to motivate the two sides to talk is the removal of the fascist regime of Marcos. It may be that the Left will not enter that door, knowing that so much of Marcos' influence remains and considering the strong American presence in our everyday life. But even monolithic China is undergoing dramatic changes in its approaches to modernization and allowing a breath of capitalist practices, such as limited private ownership and big foreign business, into their system.

But is the time propitious for a blending of approaches to real development, the removal of black and white and in their place, applying the brushstrokes of varying shades? Will external ideological politics permit such a harmonization taking place?

The President's tentative first steps deserve some encouragement. If real far-reaching and positive changes in the lives of Filipinos can be achieved this way, without a violent upheaval, why not?

But we would be naive to suppose that it will all be easy. Anything that is good can be achieved only with hard work and patience. President Aquino's most important decisions may identify her presidency in the annals of our history as the turning point, whichever way it turns. They at least contain nationalist aspirations. One thing for sure, they are a complete departure from Marcos.

U.S. Assessment Seen as Unfavorable

HK301506 Manila THE MANILA EVENING POST in English 30 May 86 p 4

[Editorial: "Initial U.S. Verdict: Disarray"]

[Text] As expected, the U.S. Government has already made its initial assessment of the Cory government and the conclusion seems less than favorable. As reported by the WASHINGTON POST, an anonymous U.S. official is quoted saying that there was still in Manila a sense of "drift and disarray" about how Mrs Aquino was dealing with the economy, the communist insurgency, and the continued friction within the government itself.

Filipinos never cease being amazed at the manner in which these reports from Washington are leaked out. Almost always, it is an anonymous official speaking, and to one of two newspapers, either the WASHINGTON POST or THE NEW YORK TIMES.

Apparently, this report was published to put some pressure on the Cory government to act on certain matters crucial to Washington interests. The fact that the scheduled visit of Mrs Aquino to Washington was mentioned in the same breath as the anonymous report is a subtle message that the Philippine Government should do something to please America.

Without even being diplomatic about it, a State Department official has commented in the same "leaked" story that when Mrs Aquino visits in September, "she has to have something done, something concrete to show that she has programs and policies in place."

Such statements only prove that the Cory government is carefully monitored by the U.S. Government and that its failure could become a major American embarrassment.

We wish the American Government and its officials were more subtle and diplomatic in making comments about the Philippine Government and its officials, something they seem to have made a habit out of, regardless of who is president. If there is anything that Mrs Aquino should do first, it should be to declare her independence from Washington. This is a big risk, especially after the February "Revolution." But Filipinos have to start somewhere.

Commentary Questions Aquino's Decisions

HK030613 Manila THE NEW PHILIPPINE SUNDAY EXPRESS in English 1 Jun 86 pp 4, 5

["Business Front" column by Hector R. R. Villaneuva: "Aquino's First 100 Days"]

[Text] The traditional "honeymoon" period between the government and media is only relevant in a pluralistic society where the political transition is smooth and orderly.

However, the hundred days grace period does not apply where the transfer of political power is sudden or tumultuous. It is presumed that the successors know what they are getting into and, therefore, should not ask for quarter or for a transition period.

At the very least, it has been a very eventual hundred days. Many things have been accomplished but can they be considered achievements of this new government?

Depending on one's perception and definition, it is our opinion that there have been only two historic achievements in the last three months, i.e., the overthrow of the Marcos regime and press freedom.

These are tangible achievements for they have visibly shifted the country to a higher plane of expectations and opened up new vistas of opportunities.

On the other hand, the other accomplishments cannot be considered achievements or successes if they neither improve the economy nor lessen political instability.

For example, was abolishing the Batasan a successful move and declaring a revoltuionary government the best options available?

These cannot be considered achievements for their consequences have yet to be demonstrated.

In fact, the declaring of a revolutionary regime and abolishing the Batasan have resulted in political instability and slowing down of economic activity.

The assault on the judiciary is the height of presumptuousness.

The arbitrary appointments of judges and justices to the High Court and the hand picking of members of the Constitutional Commission to draft a new Constitution are tantamount to assuming the mantle of infallibility by President Aquino in whose name and, by whose authority these actions are decided.

It is incredible that this display of discretionary powers has been accepted by the people at face value and, with passive ambivalence.

These tendencies are so fraught with dangers to individual freedom and the Bill of Rights that they cannot be considered achievements.

Third, has the abolition of crony monopolies, sequestration of assets of Marcos followers and the abandonment of Marcos industrial projects enhanced the economy and encouraged investments?

Have prices of selected commodities declined due to external factors, e.g. falling crude prices, or from the deliberate acts of the economic managers?

Has the level of foreign debt been reduced? Has budgetary deficit contracted or, will the deficit be increased?

The other doubtful achievement of the government is the fulfillment of an election pledge to release all political detainees.

Depending on one's political persuasion the issue of political prisoners is highly debatable. Were the prisoners plain anti-Marcos, or communist, or nationalists or brigands?

By releasing all, did President Aquino advance the cause of liberty or worsen the peace and order situation?

Last, has the level of unemployment been reduced in the last hundred days or, have the ranks of the unemployed been aggravated by the continuous lay offs of public servants and strike-bound private enterprises?

In conclusion, the public has to decide whether the release of political prisoners, abolition of monopolies, removal of Marcos loyalists from government, the revamp of the judiciary, the flight to exile of the Marcos family, press freedom, the abolition of the Batasan, sequestration and the inquisition into military abuses are achievements or not in the first hundred days of the Aquino government.

You be the judge.

/6662
CSO: 4200/1138

PHILIPPINES

OMBUDSMAN FORMS SPECIAL INVESTIGATIVE GROUPS

HK040327 Manila PHILIPPINE DAILY INQUIRER in English 2 Jun 86 p 24

[Article by J.P. Fenix]

[Text] The Tanodbayan [Ombudsman] has formed special investigative groups to concentrate efforts in the investigation and prosecution of certain high priority cases, Tanodbayan Justice Raul Gonzales informed President Aquino Friday.

In an interview at Malacanang, Gonzales said that he has set up three investigative groups to handle specific cases pending in his office.

He added that the groups will replace the normal procedures of having a lone special prosecutor handling the preliminary investigation of cases.

Among the cases being handled by special investigative groups are:

--Cases involving the Central Bank are to be investigated by a group headed by Deputy Tanodbayan Manuel Herrera, who also headed the special prosecution panel in the Aquino-Galman double murder case last year;

--Cases on sugar will be handled by a group headed by Special Prosecutor Basilio Rillo; and

--Escalante case by the group headed by senior prosecutor Jose Ferrer.

Gonzales added that the investigative group for the Escalante case will be in Negros for the formal preliminary investigation as soon as the 10-day period for the submission of counter affidavits by the accused has elapsed. He said that this will be early next week. He also said that his office has requested the police chief of Escalante to serve subpoenas to the parties involved.

Former Negros del Norte Governor Armando Gustilo, one of the accused in the case, has requested the Tanodbayan through his lawyer, for more time to submit his counter affidavit.

/6662
CSO: 4200/1138

EDITORIAL CRITICIZES AQUINO'S CONCOM CHOICES

HK290230 Manila PHILIPPINE DAILY INQUIRER in English 27 May 86 p 4

[Editorial: "Concom Choices"]

[Text] Hours before the President announced at the Aquinaldo reunion the composition of the Constitutional Commission, THE WASHINGTON POST published a story quoting unnamed United States officials who were supposedly worried about political conditions in the country. From that general premise the story delved into specifics: the alleged plan to appoint ranking communists to the Concom as well as the absence of KBL representatives in the charter-drafting body.

When the President finally enumerated the Concom lineup, it did sound as though certain adjustments had been made for the sake of the POST's "worried" --but anonymous--U.S. officials. The Reds were out, except for a token crew of minor fellow travelers. The Opposition--meaning KBL stragglers--were allocated five seats. Even the ardently pro-Marcos Iglesia ni Cristo [INC--Church of Christ] was reserved a slot.

It was not mere coincidence or prescience that the POST was able to give a preview--with uncanny accuracy--of the final composition of the Concom. The Aquino administration's apparent readiness to succumb to foreign pressure as mild as the POST "press leak" raises other, equally serious questions about the President's Concom choices.

To be sure, the gesture of including KBL and INC members to the Concom is designed to placate popular demands for a genuinely representative charter-drafting body. But what about the 44 who have already been named? Would they be able to truly reflect the sentiments and aspirations of the nation at large?

There was apparently little attempt to endow the Concom line-up with sectoral representation. Instead, what was immediately apparent is a preponderance of lawyers and professional politicians, most of whom the Concom would well do without. Of course, names like Jimmy Tadeo's were included to represent the militant peasantry.

But what about the millions of other farmers who may not be as inclined to take to the streets; don't they, too, deserve to have someone to speak out for them in the writing of the fundamental law of the land?

What about the business community? Time and again we're told that we should get down to the nitty-gritty of getting the economy back on its feet. But businessmen, industrialists and economists (with the notable exception of Bernie Villegas) are sorely underrepresented in the drafting of the document which would, among others, define how this country's human and natural resources should be harnessed.

Before concluding her address at Camp Aquinaldo, the President uttered, amid the cat-calls and booing of a dissatisfied crowd, "Mapag uusapan pa naman natin ito." [We can still discuss this.] That, we like to think, means she is still open to suggestions. Would that she seriously reconsider some of the ConCom appointees.

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CSO: 4200/1138

LEADER DESCRIBES IDEOLOGY OF SOCIALIST GROUP

HK100452 Quezon City BUSINESS DAY in English 9 Jun 86 p 13

[Text] Bukluran sa Ikauunlad ng Sosyalistang Isip at Gawa [Progressive Union of Socialist Thinkers and Writers] (Bisig), an organization espousing socialism, was recently formed to effect a "socialist transformation of Philippine society," and "to place the state in the hands of the working people."

In its founding congress last May 24 and 25, some 160 members led by their chairman Francisco Nemenzo Jr., political science professor at the University of the Philippines [UP], agreed on a one-year action plan:

--Consolidating and expanding ranks.

--Conducting a socialist education campaign.

--Building alliances with other groups in the left, Lakas ng Sambayanan or Cory Aquino's People's Power, Social Democrats.

--Working with the governments.

Bisig also plans to form its political party within the next three to five years.

Bisig members consider themselves different from existing leftist groups because they reject authoritarianism. In their document, "Forging the Weapon," which embodies their plan for the year, they believe that "authoritarianism" is reprehensible not only when employed by the capitalists but also when used by a party on behalf of a docile mass...an authentic socialist party leads not by manipulation but...by raising the workers' political consciousness and skills so they will be capable of independently wielding power...."

Membership in Bisig is on individual basis; it has 250 members. Other key officers are Randolph David, UP sociology professor, vice-chairman; Ronald Llamas, secretary general,; and Teresa Maceda, treasurer.

Nemenzo told BUSINESS DAY Bisig is open to many possibilities on how a socialist state can be achieved. "The method will depend on the conditions during the particular time," he said.

The influence of Marxism is strong on many Bisig members "but we reflect the experience of other socialist states," Nemenzo pointed out. He said Bisig has reservations about the National Democratic Front (NDF) and the Communist Party of the Philippines (CPP), "although we are ideologically close to them" because of their "strong sectarian tendencies." He added, "Their organizational structure is too centralized. There is limited initiative from below."

For Bisig, socialism in the country should encourage a multi-party state. Nemenzo said, "We do not have a negative view of a one-party state but a socialist party should prevent itself from being monolithic and having an authoritarian structure."

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CSO: 4200/1127

REPORTAGE ON ACTIVITIES OF GOOD GOVERNMENT COMMISSION

$729.4 Million in Marcos Assets Sequestered

HK091526 Hong Kong AFP in English 1504 GMT 9 Jun 86

[Text] Manila, Jun 9 (AFP)--A presidential commission investigating the allegedly illegally acquired fortune of deposed President Ferdinand Marcos and his associates has so far sequestered 729.4 million dollars' worth of assets, it was reported Monday.

The bulk of the wealth was in the form of 218 sequestered companies, half of which have an equity position of 10.7 billion pesos (521.9 million dollars), the state-run PHILIPPINE NEWS AGENCY (PNA) said.

The Commission on Good Government has also frozen 2.6 billion pesos (126.8 million dollars) in cash and bank deposits, 310 million pesos' (15.12 million dollars') worth of jewelry, and 214 million pesos (10.43 million dollars) of shareholdings in various other firms, it added.

Some 203.4 million pesos' (9.92 million dollars') worth of real estate and 928 million pesos (45.26 million dollars) in various vehicles and aircraft have also been sequestered by the panel in its first 100 days of work, PNA added.

PNA said the freeze orders affected 334 persons and 329 of them were barred from leaving the country as the panel prepared court proceedings to recover the assets which it charges were illegally acquired by Mr Marcos and his associates.

Spokesmen for the panel could not be reached for comment.

The reported haul however falls short of Mr Marcos' reported worldwide fortune allegedly worth at least five billion dollars, most of which was said to be kept in foreign bank accounts.

Commission Turns Over Assets

HK110536 Quezon City BUSINESS DAY in English 10 Jun 86 p 27

[Text] After 100 days of chasing alleged ill-gotten wealth, the Presidential Commission on Good Government (PCGG) was able to turn over P1.459 billion in sequestered cash, bank deposits and Treasury Bills to President Corazon C. Aquino. The bulk of these funds apparently came from the Casino Trust Fund Account which last held about P1.138 billion.

The PCGG has also deposited in its Trust Fund some P40.009 million more in sequestered funds along with $59,522. It also has sequestered jewelry appraised at P310.51 million.

A PCGG status report submitted to the President last week also disclosed that PCGG--as of June 5--sequestered 16,159,431,125 shares of stock. Only about 1.595 billion of these have par value; the total value of which amounted to P214.748 million.

A total of 218 companies were affected by various sequestration orders. Some of these orders involved placing entire companies under sequestration. But the majority of these involved placing shares of stock under PCGG "safe-keeping" pending judicial determination of their beneficial ownership.

According to the status report, some 100 companies have a positive equity position of P10.7 billion. These include 37 companies which were turned over by Marcos business associate Jose Y. Campos and are said to be "easily disposable."

The report lists 10 companies with a negative equity position of P1.6 billion. It also says that 108 corporations still do not have financial statements.

PCGG has sequestered 38,829,275 square meters of real estate properties covered by 362 land titles. This includes:

--185,000 square meters of land located at Valle Verde-Ortigas Ave. area turned over by Campos. Considered to be "easily disposable," the property is valued at P185 million.

--2.2 million square meters of real properties in Metro Manila, Laguna, Cavite and Bataan also turned by Campos and also said to be "easily disposable."

--18.245 million square meters of properties of Eduardo Cojuangco & Sons Agricultural Enterprises Corp. covered by 27 titles.

--Baguio properties covered by 69 titles.

Metro Manila properties with buildings owned by "cronies" with a total area of 25,668 square meters covered by 27 titles.

PCGG has also sequestered 70 different kinds of motor vehicles, including vintage and sports cars from Cojuangco. Also in the PCGG's possession are two jet aircraft and five propeller-driven aircraft. Six of these have been valued at $9.67 million.

PCGG has also sequestered eight sea vessels, five of which are valued at P748.4 million.

Legal Panel Set Up

HK110530 Quezon City BUSINESS DAY in English 10 Jun 86 p 28

[Text] Good Government Minister Jovito R. Salonga announced last night the creation of a panel of "highly respected and prominent" legal experts to advise the Presidential Commission on Good Government [PCGG] on its legal suits aimed at recovering alleged ill-gotten wealth of former president Ferdinand Marcos and his associates.

The members of the panel are: Abram Chayes and Felix Frankfurter, professors of law at the Harvard Law School; Kaith Tennessee Highet, president of the American Society of International Law; Richard A. Falk and Albert G. Milbank, both professors of International Law and Practice at the Princeton University; Myres McDougall, professor of International Law at the Yale Law School; and John R. Stevenson, former president of the American Society of International Law and a partner of the law firm Sullivan & Cromwell.

The panel will advise the PCGG in technical matters to ensure that judgments rendered by Philippine courts fully comply with the requirements of international law. The members of the panel will serve without pay.

Former Marcos 'Cronies' Talking

HK110557 Quezon City BUSINESS DAY in English 10 Jun 86 p 28

[Text] Seven major former "cronies" of ex-president Ferdinand Marcos have begun quiet talks with the Presidential Commission on Good Government [PCGG]. That leaves only two "big cronies" who have still to approach the PCGG for voluntary settlement of possible charges of ill-gotten wealth, Commissioner Ramon A. Diaz said.

Diaz made these disclosures in his open forum remarks after a speech before the Legal Management Council of the Philippines at the Manila Garden Hotel yesterday. He refused to identify the persons involved, saying that premature disclosure of thei identities may open them to possible reprisal by Marcos.

Diaz refused to confirm whether or not former "Coconut King" Eduardo M. Cojuangco Jr. is among those major Marcos associates dealing with the PCGG. But speculation on this score mounted yesterday following a statement by a Cojuangco spokesman that the former chief of San Miguel Corp. is willing to return to the Philippines and face charges against him. Diaz would only comment that "that is good" in response to the statement.

The commissioner said the cooperation of Marcos's former business associates would greatly expedite the PCGG's task of investigating and recovering ill-gotten wealth. "At the beginning, we thought that it would take us years and years and years to finish our job, Diaz said. He added though that if "the cronies talk and deliver what is not rightfully theirs, then our work will be speeded up greatly."

Diaz also disclosed that a team of lawyers from the Justice Department of the United States Government arrived last Saturday to assist PCGG in pursuing its legal cases in the U.S. He said the Justice Department will file a motion seeking the reconsideration of U.S. Federal Court's recent ruling ordering the unconditional return of cash and negotiable goods seized by the U.S. Customs authorities from the Marcos party in Hawaii.

Expressing anew the commission's disappointment over the court ruling, Diaz cited two legal grounds for the PCGG's position that these assets should not be returned to Marcos. First, he said, the cash was brought from the Philippines without the approval of the Central Bank [CB] and this constituted a clear violation of the CB regulations. Second, Diaz said Marcos failed to declare the funds upon his arrival in the U.S. as required by U.S. law. He added that these properties were actucally transported to the U.S. on a second plane which left 24 hours after the first plane--carrying Marcos and his 80-man party--arrived in the U.S.

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CSO: 4200/1127

PHILIPPINES

CARDINAL APPEALS FOR RELEASE OF KIDNAPPED PRIEST

Marcos Believed Involved

HK101317 Hong Kong AFP in English 1235 GMT 10 Jun 86

[Text] Cebu, Philippines, Jun 10 (AFP)--The Roman Catholic Church hierarchy in the Philippines Tuesday appealed for the release of a French missionry priest kidnapped allegedly by Moslem gunmen in a southern city.

Ricardo Cardinal Vidal, president of the Catholic Bishops Conference of the Philippines, at a news conference in this central city appealed to Christian and Moslem leaders to help in the safe return of the priest, Father Michel de Gigord.

"We are told [he] has been moved from one hiding place to another," Cardinal Vidal said, adding later that a tape recording indicated he was being well treated.

At least three armed men kidnapped the chaplain of the Catholic community at the Mindanao State University Wednesday inside the campus adjacent to Marawi, a Moslem city located about 750 kilometers (466 miles) southeast of Manila.

The military in the area has said the kidnappers include a nephew of feared Moslem warlord Ali Dimaporo, a loyal ally of deposed president Ferdinand Marcos, and have threatened to kill the priest if a ransom demand of about 14,600 dollars was not met.

The cardinal also denied claims by Mr Marcos that the Catholic Church had given 30 million dollars to the campaign of his rival Corazon Aquino, who assumed power after a popular revolt toppled Mr Marcos in February.

Asked to comment on Mr Marcos' claim, published in a U.S. newspaper, that the church was a communist hotbed, the cardinal said: "I don't know exactly what he means."

MNLF Member Suspected

BK110415 Manila PNA in English 0351 GMT 11 Jun 86

[Text] Manila, Jun 11 (PNA)--The kidnapping of French priest Michel de Gigord in Marawi City last Wednesday took a new twist when Muslim rebels were reported to have taken a hand in the abduction, the military said Tuesday.

Brig. Gen. Rodrigo B. Gutang, Central Mindanao regional unified commander said a seven-man National Liberation Front (MNLF) led by a certain Commander Narra was seen while fleeing with the victim aboard a get-away car towards an undisclosed place in Marawi City shortly after the priest was abducted by three armed men.

The rebels informed the military that the abduction of Fr. Gigord was in retaliation for the recent U.S. attack on Libya and the appointment of a new president of the Mindanao State University (MSU) in Marawi City which the insurgents resented.

This is the first time that the participation of the MNLF in the kidnapping of Fr. Gigord, a Catholic chaplain, was reported.

According to Gutang, Fr. Gigord was brought by his captors to the town of Binidayan, the hometown of former Lanao del Sur Governor Ali Dimaporo.

Gutang said negotiations are being conducted by members of the Peace and Order Council and religious groups in Lanao del Sur for the release of the French priest.

Acting Lanao del Sur Gov. Saidamen Pangarungan and Lt. Col. Omar Manabilang, provisional constabulary commander, were also helping in the negotiations.

A group of Lanao del Sur mayors and officers-in-charge was also asked to help in the negotiation efforts.

Earlier, Gutang had identified three of the kidnappers as Ismael Dimaporo, a nephew of former Lanao del Sur Gov. Ali Dimaporo and dormitory manager of MSU, Manggoda Tangote Jr., a son of renagade Army Major Manggoda Tangote Dr. and Punod Dimaporo.

The kidnappers are demanding a 300,000-peso (15,000 U.S. dollars) ransom for the release of Fr. Gigord.

Police action against the kidnappers has been suspended to give way for the safe rescue of Fr. Gigord as early as possible through peaceful negotiations, Gutang said.

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CSO: 4200/1127

PHILIPPINES

MANILA TURNS DOWN TAN'S OFFER ON RETURN OF MARCOS WEALTH

HK120902 Manila THE NEWS HERALD in English 11 Jun 86 p 1

/Excerpt/ The Presidential Commission on Good Government /PCGG/ has turned down an initial offer of Marcos crony Lucio Tan of P74 million worth of supposed shares of the deposed president in exchange for immunity.

PCGG sources said Chairman Jovito R. Salonga immediately denied the Tan offer of P74 million worth of shares supposedly owned by Marcos in Allied Bank, one of the companies of Tan.

"If that is all you will disclose, then we better stop talking," Salonga was said to have told Tan.

Sources said Tan was forced to disclose the other holdings of Marcos in other of his companies although the PCGG sources declined to identify the specific holdings and companies involved.

Tan is widely believed to own Fortune Tobacco Corp., Allied Bank and Asia Brewery.

Sources also said that PCGG is now looking into the veracity of the Tan disclosure preparatory to negotiations on the immunity proposal.

Earlier, Marcos crony Jose Yao Campos, owner of United Laboratories, settled for P250 million in exchange for immunity from the government stuis which are aimed at getting back supposedly illgotten wealth during the Marcos years.

Sources said the PCGG is more interested in the alleged shareholdings of Marcos in the foreign companies owned by Tan.

Tan is known to have business firms operating in two countries.

Sources said the PCGG wanted to get the assets of Marcos in the foreign firms of Tan since the commission fears that the assets may be disposed of.

The government believes that with the seizure of the foreign assets, the foreign exchange crisis which is gripping the country will be eased a bit, sources said.

Also, possible dissipation of the assets before the government move will be forestalled, the sources added.

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CSO: 4200/1131

SALONGA RETURNS WITH P250 MILLION FROM FORMER MARCOS ASSOCIATE

HK030905 Manila MANILA BULLETIN in English 1 Jun 86 pp 1, 14

[Article by Ding Marcelo]

[Text] Good Government Minister Jovito Salonga returned home yesterday with P250 million from his two-week "treasure hunt" in the United States and said there are encouraging signs the Philippine Government may get hundreds of millions of pesos more from the hidden wealth of former President Marcos and his cronies.

Salonga said the P250 million came from a compromise settlement with former Marcos associate Jose Yao Campos who gave the amount in exchange for retaining real properties in various parts of Texas.

Campos had earlier been given immunity from suits by the Presidential Commission on Good Government (PCGG) after he voluntarily surrendered 200 land titles which, according to him, he acquired in behalf of Mr. Marcos.

The titles covered some of the most expensive real estate in Metro Manila and nearby provinces and its worth was estimated at P1 billion.

It was also Campos, owner of United Laboratories, the country's largest drug maker, who gave information on some corporations owned by Mr. Marcos which hold billions of pesos in assets that the PCGG later sequestered.

The disclosures made by Campos alone netted the government at least P5 billion in seized assets and properties allegedly illegally acquired by Mr. Marcos, his relatives, and close friends.

Salonga also said that the government is about to recover real properties worth around P30 million located in New Jersey. This represents the value of houses and lots which the Marcos children--Imee and Ferdinand Jr.--used when they were studying in the United States.

He likewise mentioned the strong possibility of finally getting hold of the New York properties worth originally $350 million but now, because of mortgage indebtedness, valued at between $100 and $150 million.

Government claims to these properties has been filed in court and lawyers hired by the PCGG told Salonga while he was there that there is a strong chance that the Philippines would win its case.

Salonga further disclosed that the Swiss federal authorities would soon make a partial revelation of deposits made in Swiss banks by Mr. Marcos and his cronies.

The deposits had already been frozen by the Swiss Government in an unprecedented move.

The government has compiled with several Swiss requests to facilitate resolution of the cases against Mr. Marcos and this includes the filing of civil and criminal charges in Manila against the former president and several of his relatives and friends, Salonga said.

Salonga left the country last May 14 and, in the course of his travel in the U.S., received an honorary doctorate in law from Clairemont University in California.

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CSO: 4200/1138

MINISTRY CLAIMS RECTO ACTING AS MARCOS' AGENT

HK110652 Quezon City BUSINESS DAY in English 10 Jun 86 p 28

/Text/ The Office of the Solicitor General and the Ministry of Foreign Affairs /MFA/ yesterday told the Supreme Court that the passport of former member of Parliament Rafael Recto was ordered canceled. They claimed that Recto was acting as an agent of deposed President Ferdinand Marcos to destabilize the government.

Solicitor General Sedfrey Ordonez and lawyer Simeon Raya Jr of the MFA stated national security grounds in their separate comments to a petition filed last month by Recto, who sought to stop the confiscation and cancellation of his passport.

Ordonez asked the dismissal of Recto's petition. He said Recto's passport has not been canceled nor confiscated because it has not been presented before any immigration officer.

Recto, who claimed he is the chief legal counsel of Marcos, said the cancellation of his passport violates his right to liberty and property, his freedom to travel and his right to the lawful pursuit of his legal profession.

Recto cited the order of First Deputy Foreign Minister Jose Ingles to the Commission on Immigration and Deportation to confiscate his passport when it is presented to the commission.

Ordonez and Raya disclosed a confidential letter from Defense Minister Juan Ponce Enrile. The defense chief requested "temporary cancellation" of Recto's passport because he was identified as one of those "acting as agents of deposed President Marcos to destabilize the present government."

Ordonez said under the constitution, the liberty of travel may be impaired upon lawful order of the court or when the interest of national security, public safety or public health require it.

"Like any other guaranteed right, the liberty of travel is not absolute. It is subject to the inherent police power of the state and the limitations expressly provided in the constitutional provision itself," the solicitor general said.

Ordonez cited public statements and alleged subversive activities discovered by military intelligence leading to the conclusion that Recto is not a mere legal counsel for Marcos. He is a political henchman cooperating with the deposed president in destabilizing the Aquino government, he claimed.

Raya also questioned Recto's claim that he is the chief legal counsel of Marcos.

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CSO: 4200/1131

RAMOS DISCUSSES 'LOYALISTS' POSITIONS IN NEW AFP

HK030435 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 2 Jun 86 pp 1, 6

[Text] Gen. Fidel V. Ramos, AFP [Armed Forces of the Philippines] Chief of Staff, said yesterday that all senior military officers identified as loyalists of deposed President Marcos and Gen. Fabian Ver, except for a brigadier general who is facing charges, have been given positions in the new armed forces.

Ramos said the officers are now assigned in the various committees studying the restructuring of the AFP.

Ramos also ordered the recall of some 136 men and officers assigned with various civilian offices and relieved 115 ranking officers, particularly in provincial commands, and replaced them with younger junior officers.

AFP sources said the exception could be Brig. Gen. Tomas Dumpit, who was allegedly linked to a series of carnaping cases.

Loyalists with new positions are : Brigadier Generals Artemio Tadiar former commander of the Philippine Marines; Antonio Zumel, former superintendent of the Philippine Military Academy; Roland Patuggalan, former commander of the 2d Infantry Division in Tanay; and Edon Yap of the Army Reserve Command.

The other day, Defense Minister Juan Ponce Enrile said both Patuggalan and Tadiar were not under arrest but working with the new AFP. He also said the two would soon be given their commands.

Ramos said he had deployed five battalions and armored tanks to critical areas outside Metro Manila. In the past, these tanks were concentrated only in the metropolis.

He said more ground transport vehicles are now deployed in the field.

Ramos urged yesterday the officers and men of the Philippine Airforce Security Command [Pafsecom] to continuously review and assess their performance as a security system within the AFP.

Ramos was guest of honor at the 10th anniversary of the command, formerly the Aviation Security Command.

He said Pafsecom is one of the links in the security systems chain which must strengthen itself because it guards the country's airports.

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CSO: 4200/1138

LOYALIST TABLOID PROMISES 14 MORE PAPERS

HK031309 Quezon City NEW DAY in English 2 Jun 86 p 16

[Article by Joel D. Lacsamana]

[Text] A weekly loyalist tabloid calling itself the SCORPION STARNEWS is currently circulating around the different units of the Armed Forces, specifically in Camps Crame and Aguinaldo, with the avowed purpose of rallying loyalist remnants of the AFP [Armed Forces of the Philippines] and convert to the loyalists' cause officers and soldiers who may have become disenchanted with the Aquino government.

Camp Aquinaldo sources who declined to be identified showed NEW DAY a copy of the tabloid's Volume 1, Number 1, May 23-31 issue which was printed in expensive bookpaper and distributed to soldiers at the height of the "Reunion sa EDSA [Epifano de los Santos Avenue]" celebration in Camp Aquinaldo last Sunday.

The tabloid's front page banner advertises its slogan, "Words are mighty, words are living serpents with their venomous sting." The publisher-editor, a certain Ricardo B. Ave, writes that the SCORPION STARNEWS intends to build itself into a chain of publications espousing the loyalist cause, "with the immediate objective of bringing the members of the First Family back and assisting in swinging the tide of public opinion for them."

The editorial likewise promises to publish an opposition newspaper scheduled to hit the streets by June called the STINGRAY STARNEWS which will be dedicated particularly "to the legitimate locally elected officials who have been dictatorially replaced with OIC's [officers in charge]." It adds that the choice of "stinging" creatures as symbols is deliberate as the publications to come out are calculated "to sting the conscience of the people."

Surprisingly, the stories featured in the tabloid make for intriguing--if not hilarious--reading. There is a fierce diatribe on the front page lambasting personalities who are "balasubas" (ungrateful devils) which is the word loyalists ascribe to "Filipinos who for 20 years were the recipients of the kindness, largese and goodwill from President Marcos and the First Lady but who now denounce them!"

Equally interesting is a piece entitled "The Heroes of EDSA" which ridicules the notion that the gathering of two to three million "picnickers" along EDSA 1st February was a symbol of the will of the people. "The people were there not to fight for convictions or ideals but to attend a gaudy carnival. They're not heroes. The clergy willingly sent their lambs to be slaughtered between two heavily armed military forces and they did this without a twinge of conscience. They're not heroes. And the soldiers were merely a desperate bunch about to be arrested. They weren't heroes either," the article said.

Other stories criticized the Filipino Catholic Church leaders as "Wolves in sheep's clothing"; the Aquino regime as "a government of alibis"; the Marcos loyalists as "30-million strong and definitely on God's side"; the ridiculousness of the charge that the former first couple escaped the country with billions of dollars ("If they did, Marcos is actually holding these billions in cash and property in trust for the Filipino people"); the constitutionality of Arturo Tolention's claim to the vice-presidency ("the vice-president is a voice in the wilderness being drowned by the cacophonous babel of upstarts and lapdogs of the new government...") and finally, a strongly worded appeal to all loyalists to help the first couple return home ("the only thing they did not provide us, among a million blessings, is air, and yet, they improved the quality of this element in our country through their anti-pollution campaign. Let us bring them home!"

The editorial of the tabloid promises to come out with 14 other newspapers (for the 12 regions in the country and actually two in Metro Manila) and is appealing for help from all loyalists to get the chain "on its feet."

"Buy your copy of SCORPION. It is expensive now but it will be cheaper next time with more pages. Read about the San Juan Massacre, the Rizal Park Carnage, and the Luzon Freedom March from Batac," the appeal says.

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CSO: 4200/1138

PHILIPPINES

ILOCOS GROUP CLAIMS LOYALISTS IN TRAINING, RECEIVING ARMS

HK120922 Quezon City BUSINESS DAY in English 11 Jun 86 p 23

/Article by Carmel Pizarro/

/Text/ Baguio City--Are there still forces too loyal to ex-president Ferdinand E. Marcos to wrest power from President Corazon C. Aquino?

The Northern Luzon-Human Rights Organization (NL-HRO) claimed that in the Ilocos region, from where Marcos hails, loyalists are training in three towns--Badoc, Pinili and Marcos. Badoc is a seashore town, while Pinili and Marcos are mountainous areas.

Colonel Balbino Diego of the now defunct Presidential Security Command is one of those loyalists training in these areas, the NL-HRO claimed.

The NL-HRO also received reports that a ship docked early last month at Caba, a seashore town in La Union. The ship unloaded a four-wheeler truck.

But a member of the NL-HRO said town residents were claiming that the ship actually unloaded a truckload of arms shipment which may be used to wrestle power from the Aquino government.

Lightings of the ship and the truck were first reported to the governor of La Union by the mayor of Caba. The truck could have gone to Gauang, in La Union, where Eduardo Cojuangco owns a house, NL-HRO sources claimed.

The NL-HRO said it is still verifying these reports.

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CSO: 4200/1131

MILITANT LABOR LEADERSHIP SKEPTICAL OVER MAY DAY BENEFITS

Quezon City WE FORUM in English 6-12 May 86 p 4

[Article by Soniz G. Dipasupil: "The Mayday benefits package: A labor windfall?]

[Text]

The Mayday celebration last Thursday was an occasion of many "firsts". It was the first of its kind that succeeded in gathering the major labor groups at perennial political odds with each other. It was the first in a long line of Mayday "commemorations" that admitted of a festive atmosphere. It was the first held in a long time in the absence and after the fall of militant labor's nemesis: ousted strongman Ferdinand Marcos, and the first graced by the presence of the new President, Mrs. Corazon Aquino.

It was also the first Labor Day affair where instead of the traditional increase in minimum wage, workers were treated to an unexpected benefits package.

For starters, President Aquino expressly repealed the infamous LOI 1458, which permitted employers to dismiss workers who defy return-to-work orders and also to call upon police and military forces to "discipline" striking workers. This executive order, signed into law by former President Marcos in an earlier May first gathering, was used by management as blanket authority to break picketlines and harass workers, resulting in hundreds killed and injured. As if to erase any doubt, she ordered police forces to "keep out" of picketlines, unless actual violence or other criminal acts occur.

She next relaxed the requirements for declaring strikes by reducing the required 2/3 strike vote to a simple majority vote, then declared that unions can now ignore the statutory 15-day cooling off period and immediately declare a strike in case of dismissal of union officers constituting union busting. The 30% support of employes in the bargaining unit required to file a petition for certification election or union registration was likewise lowered to 20%

In addition, President Aquino suspended Pag-IBIG contributions, restored the right to strike of security guards and employes in government corporations, encouraged workers, farmers and fishermen to organize, junked the "one union-one industry" policy, limited apprenticeship contracts to six months, removed the 13th month pay ceiling and assured labor of representation in all government policy-making bodies. She also directed the MOLE to call a tripartite conference to formulate a "code of industrial harmony" and take up other related matters.

On the surface, this Mayday benefits package has all the makings of an opiate for the working masses. It was lifted almost bodily out of earlier demands of militant labor from the Marcos government, and should therefore make your average radical rank-and-file sublimely happy. Except that the militant labor leadership says otherwise.

"Labor is only 40% satisfied," claims chairman Rolando Olalia. He confides that workers expected a wage increase to the tune of the 25% across-the-board it had demanded for them to keep up with the rising cost of living. The 25% increase would have raised the present minimum of P57.98 to P71.35, still way below the P112 suggested by studies to keep an average family of five decently alive. President Aquino announced no wage increase.

Labor also awaited a repeal of BP Nos. 130 and 227, but all it got was an assurance that amendments to these will be considered "to sanitize them of their restrictive and oppressive provisions" at a national tripartite conference to be convened soon.

And although Mrs. Aquino assured workers her government will explore all mechanisms for profit-sharing "consistent with my policy of equitable distribution of wealth," Olalia fears that such a profit-sharing scheme can only be "deceptive and exploitative" if imposed on a voluntary or discretionary basis.

"Capital can peg its profits at a minimum way below what it actually earned, thus diminishing any imagined gains for the worker. On the other hand, capital will exert pressure on labor to exact increased productivity as their 'share' in the profit-sharing venture," the KMU head pointed out.

Although labor claims it got less than what it expected, there is an even more basic consideration. Do President Aquino's pronouncements carry the force and effect of law at all?

KMU legal counsel Potenciano Flores points out that the pronouncements made by Mrs. Aquino were embodied in a speech, not a law, executive order or any other legal issuance. Thus, Flores claims that aside from those which would qualify as mere administrative guidelines or directions to the Labor Minister, all the rest of the President's pronouncements constitute nothing but mere promises.

"For example," he illustrates, "the President expressly repealed LOI 1458 and amended certain provisions of BP Nos. 130 and 227 in her speech. Unless these directives are embodied in a law, LOI 1458 and BP Nos. 130 and 227 stand as they are, anti-labor laws mocking the existence of the new liberal democratic government."

Simply put, Flores says, workers cannot demand compliance with these pronouncements "as a matter of right."

"We expect problems ahead," ventures KMU secretary-general Bob Ortaliz. "Did you notice the workers during the rally?" he asked. "They were so jubilant because they thought Mrs. Aquino's speech was already the law!"

"So you see," Olalia added, "unless these pronouncements are immediately drafted into law, they can create more trouble than good." He continued that it was up to labor now to press Mrs. Aquino to turn her pronouncements into law.

If labor is not exactly overjoyed with the benefits package, neither is management. The day immediately following the President's Mayday speech, business buckled down to a media offensive. Businessmen warned of layoffs and shutdowns in view of the increased labor costs expected from the implementation of the Aquino directives.

Powerful business lobby groups led by the Employers' Confederation of the Philippines also expressed concern over the "disturbing implications" of her speech, while other business leaders complained they were not consulted on the labor policies she announced. They expressed relief only on Mrs. Aquino's plea for labor to exercise more restraint and exhaust all remedies before declaring a strike.

"Don't make us out as labor agitators and industrial ingrates," Olalia asked. "We appreciate the President's sincerity and are happy with her labor policies. But perhaps it would benefit more if all those nice words can be translated into the real stuff soon," he concluded.

Labor watchers predict a lively and colorful debate during the coming national tripartite conference. The mechanics of which will be ironed out this week. They expect management to fight their arguments and counter-proposals "like hell" during the conference, with the same fervor labor is expected to cling on to the President's pronouncements.

Till then, however, life goes on, and workers will have to figure out what they got from the Mayday "windfall," after all.

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CSO: 4200/1132

BISHOPS NAMED AS POSSIBLE MEDIATORS IN CEASE-FIRE TALKS

HK040409 Manila PHILIPPINE DAILY INQUIRER in English 2 Jun 86 pp 1, 6

[Article by Raul Alibutud]

[Text] Davao Dity--One of five rebel priests operating in Mindanao has named five bishops who can act as mediators in the planned ceasefire talks between the government and communist leaders.

In an interview at a rebel base here Friday. Fr. Frank Navarro, formerly of the Surigao diocese, said the five are Bishops Julio Labayen of Infanta, Quezon; Miguel Purugganan of Isabela; Federico Escaler of the Ipil prelature in Zamboanga; Carmelo Morelos of Butuan City; and Dinualdo Gutierrez of Marbel; South Cotabato.

Navarro said the five bishops are "acceptable" to the rebel leaders since they (the bishops) understand the real situation in the country.

"We also trust these people," he added.

President Aquino has given leaders of the Communist Party of the Philippines [CPP] and its military arm, the New People's Army, six months to accept a proposal for ceasefire.

During her visit to Davao City last May 23, Ms Aquino also said the government may consider forging a truce with the rebels on the regional level.

So far, no concrete talks have taken place although reports said the government has already appointed emissaries to initiate talks with the CPP-NPA leaders. The names of the emissaries have not been disclosed.

Rebel leaders in Northern Mindanao have expressed support for the proposed ceasefire but said that until certain conditions are met, chances of a total ceasefire are "virtually nonexistent."

"We are willing to talk. Ceasefire is the most desirable thing for us provided it is based on just grounds," said Ka [Comrade] Oris, a member of the Northeastern Mindanao Regional Party Committee of the CPP.

He also reiterated some of the conditions before they agree to meet with the president, among them the dismantling of all paramilitary forces in the area like the cultist "Tadtad" and other groups and a halt to military operations in areas controlled by the rebels.

Navarro, said, however, that if the understanding of the military or the government on the ceasefire is for the CPP-NPA members to surrender, "I don't think anyone will agree to it because they (the rebels) have to defend the masses."

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CSO: 4200/1138

EDITORIAL CRITICIZES U.S. MILITARY ADVICE

HK280450 Manila THE MANILA EVENING POST in English 26 May 86 p 4

[Editorial: "No More Vietnams"]

[Text] Once again the specter of Vietnam rises in Southeast Asia, and what makes it more disturbing to us is that the next Vietnam might be our country. What is the reason for the presence of American military advisers in the Philippines? Are they necessary in the government's war against insurgency?

It is said that the American advisers are not counter-insurgency but anti-terrorist experts. Well and good. But why are they visible?

Terrorists usually attack urban installations like airports, embassies, and other public places. Therefore, anti-terrorist advisers should concentrate their teachings, if any, on how to protect these facilities.

Terrorists concentrate on maximum exposure; the more public, the more propaganda mileage. American advisers should be in the urban areas and not in the countryside.

But the bigger issue, it seems, is whether there is really a need for American advisers to be here, teaching us counter-insurgency or anti-terrorism. As far as counter-insurgency is concerned, Filipinos do not need advice. We have had more experience in guerrilla warfare than Americans. In most countries where so-called American counter-insurgency experts were involved, the other side almost always won. Even in Central America, which is America's latest laboratory, the American side is not making any headway, and this is right at her backdoor.

One recalls how the Vietnam war, which actually was a colonial conflict in the beginning, started to escalate. It began with 200 American advisers and ended up with 54,000 at its peak. [Sentence as published]

For twenty years, the Vietnam war was a nightmare for the Americans but a holocaust for the Vietnamese. A country boasting of transplanted French culture on the Mekong became an American testing ground for new weapons.

More bombs were dropped in Vietnam than during the World War II. In the end, the human spirit and the national morale won over sophisticated and modern weapons. The guerrilla won over technology and science.

What then can American advisers teach the Filipino fighting man? What assurance do we have that twenty American advisers will not become 20,000? Guerrilla warfare is basically indigenous. The introduction of foreign elements is of no value and can even prolong the conflict.

If there are any plans in the Mutual Defense Act to invite Americans to advise us on counter-insurgency techniques, we ask the government to think twice before approving.

The Philippines, despite its many problems, cannot afford to be a Vietnam or an Afghanistan.

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CSO: 4200/1138

PHILIPPINES

89 DEAD IN NPA CLASHES WITH ARMY, CULT GROUP

HK261446 Hong Kong AFP in English 1443 GMT 26 May 86

[Text] Manila, May 26 (AFP)--At least 89 people, including 71 communist guerrillas, were killed in bloody clashes across the country with government troops and an anti-communist cult group, official reports here said Monday.

Most of the clashes between soldiers and communist New People's Army (NPA) rebels occurred Friday and Saturday, as President Corazon Aquino was on her first provincial tour to tackle local issues especially the 17-year-old rebellion.

Forty New People's Army guerrillas were killed Friday in clashes with army troops around the towns of Abulog, Maligui and Santa Marcela in Cagayan Province in the northern Philippines, the official PHILIPPINE NEWS AGENCY (PNA) said.

Chief military spokesman Luis San Andres said 30 other insurgents were killed in a two-hour battle with army rangers at a village in the southern province of Davao del Norte, the state-run agency added.

Col. San Andres could not be immediately reached for comment.

The troops suffered eight dead and three wounded during the dawn attack on a detachment by some 300 NPA insurgents, it said. Earlier reports from the area said the camp was virtually wiped out but that only eight soldiers were killed.

The detachment was located some 65 kilometers (39 miles) away from a camp in Davao City visited by President Aquino some three hours after the attack.

Communist rebels twice attacked a camp of the Tadtad, an anti-communist religious cult, at a village in the southern province of Zamboanga del Norte last week, killing 10 members, PNA said.

The Tadtad, who derived their name from their alleged practice of hacking their victims with long knives and eating parts of the bodies, is among the numerous religious cults in the south who roam the countrysides in search of communist rebels and sympathizers.

The paramilitary constabulary here said the NPA sustained an undetermined number of casualties Friday when constabulary troops assaulted an NPA training camp near Basud Town, in the eastern province of Camarines Norte.

Some 50-60 guerrillas abandoned the Camp, which was set afire by the raiding troops, a constabulary spokesman here said.

He said a lone NPA rebel was killed Saturday in a clash between paramilitary troops and a communist guerrilla band at a village near the northern city of Laoag.

Close to 1,000 people have been killed since Mrs Aquino assumed the presidency following a popular revolt that toppled President Ferdinand Marcos in February, unofficial counts here said.

Mrs Aquino, who has sent secret emissaries to contact rebel representatives, has pledged to hold ceasefire talks with communist leaders and alleviate poverty in the countryside in a bid to end the insurgency.

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CSO: 4200/1138

PHILIPPINES

TERRORISTS BURN STRIKE-RIDDEN FIRM'S EQUIPMENT

HK301132 Davao City THE DAILY SAN PEDRO EXPRESS in English 21 May 86 pp 1, 2

[Article by Bay Castillo]

[Text] An undetermined number of armed terrorists in two separate groups simultaneously burned some P15 million worth of heavy equipment owned by the strikebound Paper Industries Corporation of the Philippines (PICOP) in Mangagoy, Bislig, Surigao del Sur in two different camp areas at about 4:30 in the afternoon last Friday.

This was learned by the DAILY SAN PEDRO EXPRESS from Col. Romeo Recina of the Recom [Regional Command] XI and the Regional Unified Command, who received the report on the incidents from Lt. Col. Rodialo Gumtang Surigao del Sur PC [Philippine Constabulary] provincial commander, only yesterday. This was also confirmed by the management of PICOP yesterday afternoon through a long distance call made by the EXPRESS with Jose Kanapi, Jr., manager, forest protection department.

According to the report, the burning incidents happened in Sitio Mabog some 27 kilometers from the company compound in Sitio Tabon, Mangagoy, and Km 58 Road 27, of Barangay Javier PICOP concession area going to Barobo, north of Bislig.

The Mabog burning incident, the report stated, happened about 3 minutes earlier than the Javier razing. The Gumtang report to Recina also said that burned in Mabog were two caterpillar bulldozers and two truck skidders. While in the Javier Km 58, Road 27 burning, the terrorists set on fire an imported tree yarder mounted on a huge logging truck.

All in all, the Gumtang report stated, the equipment costs from P20 to P25 million.

However, PICOP's Kanapi, Jr. estimated the total damage to be about P15 million only.

After razing the equipment the two groups reportedly fled to heavily forested areas of the paper firm's concession to avoid encountering government soldiers who were sent in the areas after PICOP sought their assistance.

The combined forces of PICOP forest rangers and elements of the 416th PC company led by Capt. Anecio Ongachen, and a team of Philippine Army soldiers belonging to the 28th Infantry Battalion headed by Capt. Rogelio Quiland and Lt. Oscar Solamo, split up in pursuing the armed terrorist groups.

Reports received by the PICOP management disclosed that after subsequent investigations made by the military and forest rangers, information provided by some civilian residents in the burning sites said the terrorists allegedly told them they were burning the equipment because PICOP was not sympathizing with the strikers.

Meanwhile, it was also learned from the paper manufacturing company yesterday that about 95 percent of the PICOP workers have already resumed work.

What is left in the picket lines is only about 5 percent. However, additional sympathizers coming from a Diatagon-based logging firm reinforced the remaining strikers last week, bringing the total to about 700 people.

Nevertheless PICOP gates are already free of barricades.

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CSO: 4200/1138

PHILIPPINES

BOARD INVESTIGATES 6 MAJOR ARMS SUPPLIERS

HK281526 Quezon City BUSINESS DAY in English 28 May 86 p 12

[Article by Joel D. Lacsamana]

[Text] Six major arms suppliers are being investigated for allegedly having links with military officials and cronies of deposed president Ferdinand Marcos involved in dubious sales contracts of military weapons and supplies, a Camp Aquinaldo source disclosed yesterday.

The source claimed the six were identified by the newly created Armed Forces anti-graft and corrupt practices board investigating top military officials on alleged hidden wealth during yesterday's top secret investigative session of the board.

The identified supplier firms allegedly cornered the AFP [Armed Forces of the Philippines] market for various ammunition and military materials by dictating the demand for these supplies through alleged falsification of actual demand invoices and procurement requirements of certain units within the AFP, the sources close to the board disclosed to BUSINESS DAY.

The source claimed that the persons involved in "questionable transactions" are known relatives and friends of military officials with the AFP.

The anti-graft board is focusing its investigations on the following suspected firms:

--Avacorp--the supplier of rifle grenades for M-79 grenade launchers allegedly owned by Edna Camcan.

--Hanah Corp--the supplier of military flares which is claimed to be also owned by Camcan.

--Dayton Corp--allegedly owned by the Martels and another crony (identity undisclosed pending investigation), supplier of 60 to 81 mm mortar shells.

--Creser--a bullets supplier which is allegedly owned by Gen Francisco Romualdez.

Armscorp--a supplier of bullets and .38, .32 caliber sidearms for Philippine Constabulary-Integrated National Police (PC-INP) units.

--Elitool--which is claimed to be a venture of the AFP and industrialist Manda Elizalde and a supplier of locally manufactured M-16 rifles under license of Armalite Corp. USA.

The source declined to divulge the possible amount involved in these transactions currently being investigated by the anti-graft body. He said the board may have stumbled "on the tip of the iceberg," and the figures "could run to millions of pesos or even dollars."

The source claimed that there might have been large-scale anomalies within thw AFP procurement and supply program due to the virtual non-existence of public bidding which is normally open and competitive in nature.

The anti-graft board, the source said, has unearthed an obviously corrupt procurement system wherein "cloakroom" negotiations are resorted to by the participants in certain deals or by "informal bidding" which is generally done only to justify the selection of a favored bidder.

The source said either way these modes of procurement are a very fertile ground for anomalous transactions as the anti-graft board is now finding out.

The source said as of now the borad is proceeding "very slowly and carefully" in its investigations of anomalies in AFP supply procurement. It will possibly conduct investigation of procurement of highly-valued equipment such as aircraft and its support systems, naval vessels and its support systems, fixed and tactical communications, ammunition, all of which could have been procured through suspicious negotiated contracts, he added.

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CSO: 4200/1138

EDITORIAL HOPES ENRILE, DIMAPORO AVOID BLOODSHED

Quezon City WE FORUM in English 20-26 May 86 p 2

[Editorial: "A moro-moro?"]

[Text]

Ali Dimaporo, called a warlord in political circles, presents a problem to the government. First, he has his own troops reported to be 3,000-strong, armed with high-powered rifles, a division-size army. Second, he doesn't believe the troops of Defense Minister Juan Ponce Enrile and Armed Forces chief Gen. Fidel V. Ramos can protect him from the New People's Army and the Moro National Liberation Front.

Dimaporo has reportedly said the dictator Marcos armed his troops to fight the NPA and the MNLF. He did not reportedly say it but even before Marcos ran off to Hawaii with his presidential wealth, Dimaporo thought the government soldiers were cowards, incompetent and incapable of defending his life and fortune so he had to arm his own division. One wonders where he got the money for it.

Now comes Minister Enrile threatening to actually disarm Dimaporo's division and scatter the men because that is the right thing to do to fulfill his EDSA Revolution vow to dismantle private armies.

Don't look now but Enrile's troops and Dimaporo's division may just actually go to war with each other. We hope and pray that the Lord guide both Minister Enrile and Sultan Ali Dimaporo so that if there is blood to be shed, it is not much. It would really be better if the whole thing is just a moro-moro in Lanao.

There has been too much talk of bloodshed. It would really be much nicer if Dimaporo just turned over to Minister Enrile those shiny lethal toys and if Enrile in turn gave the Lanao sultan his word that government troops will protect him from the New People's Army (NPA) and the Moro National Liberation Front (MNLF) rebels.

It would really be much nicer if the whole thing were just a moro-moro starring Enrile and Dimaporo and a cast of thousands. Really.

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CSO: 4200/1132

DAILY DETAILS VER-LED BLACKMARKETING RING

HK030914 Quezon City BUSINESS DAY in English 2 Jun 86 p 25

[Article by Joel D. Lacsamana]

[Text] Former Armed Forces Chief of Staff Gen. Favian Ver and former legal officer of the defunct Presidential Security Command [PSC[Col. Balbino Diego headed a military clique from 1982 to early 1986, which carved out a nationwide dollar blackmarket ring, high-level military sources claimed.

The Binondo-based scam, codenamed "Task Force Luntian" (green), netted profits for its leaders based on a peso-per-dollar profit spread at about $7 million. This amount is said to have left the country daily at the height of the task force's dollar-salting operations, the sources claimed further.

High-level sources told BUSINESS DAY yesterday that the newly created anti-graft and corrupt practices board of the New Armed Forces of the Philippines is looking into military involvement in the so-called Binondo Central Bank.

The board has been holding closed-door sessions in Camp Aquinaldo for three weeks now. The results of its probe so far have been described "nothing short of staggering."

The sources disclosed that Task Force Luntian was a spin-off from the original "Operation Sunflower" which was allegedly hatched by Ver and Diego together with several Chinese businessmen sometime after the Holy Week in 1983. The operation's mission was to influence the Binondo dollar market and buy dollars at a rate higher than that of the official Central Bank.

The Ver-Diego group initially put up P10-million seed money to bankroll the business. The operational aspect was handled by Binondo "frontmen" Guy Susing alias Sima, a partner of one of Ver's Chinese businessmen friends, Ramon Sy, and Benito Penaloza alias Chua Se Tek, the sources alleged.

A series of "hold-ups," however, marred "Sunflower." The first one was in May 1983 when Arthur Gimenez, cousin-in-law of Fe Gimenez, secretary of former first lady Imelda Marcos, was allegedly held up by men in polo barong and divested of the P360,000 he was carrying with him.

The holdups prompted the Ver-Diego group to set up its own courier system which was claimed to be based at three rooms at the Manila Midtown Hotel.

The new system, however, apparently failed to stop the holdups. A certain Jovencio Lim lost $700,000 again to "barong-clad" men enroute to the MIA. This time, the sources claimed, Diego himself acted on the matter by having the PSC arrest Lim. The sources added that Lim has never been heard of since.

Despite the holdups, the sources said the Ver-Diego group "broke even" in its operations. The group decided, however, to write off Operation Sunflower and replace it with "Luntian," which had more expanded operations in the dollar blackmarketing and dollar salting rackets.

Task Force Luntian, which was later renamed Task Force Pagasa (Hope), was allegedly headed by former Regional Unified Command (RUC) 4 commander, Brig. Gen. Renato Ecarna at its initial stage. Later, he was reportedly replaced by Brig. Gen. Castor Buenaflor and under him were Task Force Luntian operating officers Col. Gerardo Flores of the National Intelligence and Security Agency and PSC head Coo. Irwin Ver who served as the task force's intelligence officier.

The operations of Task Force Luntian involved the blackmailing of Chinese businessmen to organize into groups tasked to bring dollars for the organization. The sources said initially 10 Chinese businessmen and all Binondo foreign exchange dealers were ordered to resume operations in early 1984, but under the condition that they follow strictly the buying rate dictated by the task force.

The Chinese businessmen were given five centavos mark-up for every dollar. Later, the number of Chinese principals was reduced to only five as they constituted "too many mouths to feed." The members shut out were merely arrested and detained on dollar-salting charges, some of whom allegedly died while in detention.

The operation was expanded nationwide to include Angeles City, in Olongapo, and later to Cebu City and Davao City. The sourdes revealed that NISA regional officers were utilized as dollar buyers in their respective regions.

Later, Ecarma who was eased out of his post as head of "Luntian," was transferred to Cebu where he allegedly put up his own task force overseeing dollar blackmarketing and dollar-salting operations in that area.

The dollar couriers were escorted by a battery of M-16 wielding PSC/NISA agents driving a convoy of three to four cars. Each man had two suitcases to simulate identical baggage and the dollars were closely watched all the way to the plane site.

Upon arrival in Hong Kong, the couriers turn over the dollars to security men who load them into an armoured van.

To give an idea of the Ver-Diego group's operations, the sources also provided BUSINESS DAY with the payroll list of Task Force Luntian. The escorts of the merchandise are given P1,000 each. The couriers (five to seven at every given time) are paid P5,000 each and they are tasked to undertake three trips a month.

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CSO: 4200/1138

BUSCAYNO DISCUSSES TRIBAL ROLE IN INSURGENCY

Quezon City WE FORUM in English 20-26 May 86 p 9

[Interview by Baboo Mondonedo with Bernabe Buscayno, former NPA Commander: "Glossing over a lost comrade"]

[Text]

In a recent interview with the *Cordillera News Agency*, former New People's Army (NPA) Commander Bernabe Buscayno shared his perceptions on the Cordillera situation. Buscayno was aware and concerned about the deepening conflict between Fr. Conrado Balweg and the Communist Party of the Philippines (CPP) and the NPA which led to the formation of the Cordillera People's Liberation Army. He offered some insights on the increasing hostilities between the military and the NPA.

"Commander Dante", as Buscayno is known, organized the New People's Army soon after the first plenum of the CPP/NPA in Capas, Tarlac on March 29, 1969. The CPP was founded after an ideological struggle between the old Communist Party and the old revolutionary army over the line espoused by Jesus Lava and Luis Taruc.

In 1970, Buscayno trained the first group of revolutionary fighters from the Cordillera in Isabela. They became the first Cordillera NPA to operate within the mountain region.

Buscayno was arrested in Mexico, Pampanga in August 26, 1976. He was detained by the Marcos regime in military camps for almost ten years during which he suffered torture by government agents. As an ex-detainee, Buscayno enjoys a special position in the left. He is listened to.

Excerpts from the CNA interview:

CNA: What is the role of the tribal minorities in the revolution?

CD: I view the national minority groups as equals. They have all suffered from the system brought about by foreign domination on the economy, the infringement on their territorial integrity and from the exploitative landlords and bureaucrat capitalists. That is why they can really help in effecting change and they should, even if they are concerned with problems between them and the national majority. We see this as secondary because of the bigger problem of the structure. I think their first responsibility is to help in the struggle for national liberation , because this will guarantee their autonomy and ensure the preservation of their political systems and culture and the protection of their lands. The second thing that should be settled are the contradictions between the people of the highlands and the people of the lowlands.

CNA: Do you think the Communist Party of the Philippines would respect the Cordillera people's right to self-determination?

CD: Of course, of course. There is a clear policy on that because of the many experiences in socialist countries where the form of government and culture is preserved. Integration then becomes the role of the state whose responsibility is to protect the interests of the national minorities.

The problem with Nur (Misuari) is that

they have requested us to leave Mindanao – Minsupala. Then they were asking for the recognition of the Bangsa Moro Republic. We told them, self-determination, that the people of Mindanano should decide their own organization or government.

CNA: Suppose the Cordillera people want something that differs from the Party line?

CD: In my opinion, the organizational style and approach should be considered. Through education, there should be an understanding that their liberation will be assured if national liberation is realized.

There was a problem with the initial organizational work in the Cordillera. They expounded on local issues – on contradictions between them and the lowlands. In practical political organizational work, you start from where the people easily understand, and then from there you raise their level of consciousness. Perhaps there was not enough work done towards the primary task of making national liberation understood.

In my opinion, the anti-imperialist and the anti-bureaucrat capitalist positions can be aplicable in the Cordillera but not the anti-feudal stance. The political structure in the lowlands is different because there are no clans or tribes unlike in the Cordillera. Their systems of government should be respected. There should be no impositions.

CNA: What do you think of the Igorot fighters?

CD: My observation is empirical because I was with them in Isabela. The qualities I saw were strength, bravery, enthusiasm and their capability for hard work. But I also noticed that they are quiet and had a tendency to be by themselves. They will sit in one side and will not speak unless spoken to – unlike the lowlanders who are "ma-boka". And then, they are sensitive.

CNA: Recently, Fr. Balweg separated from the New People's Army because he objected to the Cordillera being used as a guerilla base. In what way can the Cordillera help in the struggle for national liberation?

CD: They can help by fighting in their own area so the government weakens. From a military point of view the problem arises because their area is favorable terrain for a guerilla base, training ground and as rear base. They can crush the enemy there and launch military operations against the reactionary army in the lowlands. I really think there would be a problem here. Perhaps they should see why that should be done because nothing will happen if after they gain freedom and liberation, if they do not help in the liberation of the lowlands through the use of their area for guerilla warfare. Their liberation will not be guaranteed. While the enemy's operations and offensives are launched from the lowlands, offensives can also be launched from the mountains.

CNA: What do you think of the offensives launched in Bicol and Cagayan?

CD: A big segment of the military is influenced by US advice while a significant part of the government are pro-American and are working towards preserving the old structure. That is why the military is continuing to launch counter-insurgency operations. They see that the government enjoys popular support from the people and they believe that through the on-going counter-insurgency operations, they can use the masses against the revolutionary forces.

CNA: Do you expect an escalation of military operations?

CD: Through the history of insurgency, the origin of escalation had always come from the side of the government. The use of the military to continue operations which violate human rights and which impose on the freedoms of the people has forced many to organize themselves. In my opinion, the Armed Forces of the Philippines continues to be fed and supported by the United States through JUSMAG, military assistance and training. A big element of the military are pro-American so I can see the escalation of military operations.

But there are also changes. There are liberals like Cory and some members of the cabinet. There is democratic space. However, the economy is still the same and the military is not yet rightly disposed. There is still the fascist element. The Loyalists are there. Then there is the pro-American business.

Considering these, the style of alliance work should be divided into three sections. The first alliance, the alliance of the left is anti-imperialist, anti-feudal and anti-comprador. The second alliance are the democrats, the anti-imperialist and the anti-fascist. In the third alliance are the democrats including the pro-American anti-fascists.

The first alliance is within the second alliance and the third alliance. In doing political work, the orientation for the third alliance is anti-fascist, for the second alliance anti-imperialist and the first alliance with class character.

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CSO: 4200/1132

GOVERNMENT INCURS P25 BILLION BUDGET DEFICIT

HK301434 Quezon City BUSINESS DAY in English 30 May 86 p 2

[Article by Conrado R. Banal III]

[Text] The government so far this year has spent P25 billion more than its revenues, thus incurring a budget deficit that is already way above the P20-billion target it has set for the entire year.

It therefore has to revise the 1986 budget for the second time. It already changed this year's budget that was passed by the defunct Batasang Pambansa, after the Marcos government went on a spending rampage during its last two months in power.

Government officials are singling out the projected huge budget deficit this year as the major "problem" in the government's talks with the International Monetary Fund (IMF).

At the rate the budget deficit has ballooned--by about P15 billion in the past two months from P9.6 billion during the first quarter--the government is gearing for tough negotiations with the fund.

The government is arranging a new 18-month economic program with the IMF, in return for credit lines and, more importantly, for the fund's "seal of good housekeeping."

The government must get IMF approval for the program before it can restart talks with the country's foreign creditors. It is planning to ask foreign banks to stretch the repayment period for the country's foreign loans maturing in the next four to six years, which amount to between $7 and $9 billion. It is definite that the Philippines will fail to meet payments on these loans.

Sources in the government described the IMF's attitude toward the Aquino government as "sympathetic." The IMF, for instance, has given the government a free hand in setting this year's budget deficit. In contrast, it imposed deficit ceilings on the Marcos government in the past couple of years.

FINANCE MINISTER DISCUSSES PESO EXCHANGE RATE

'Slight Adjustment' Predicted

HK1206Z9 Manila MANILA BULLETIN in English 11 Jun 86 p 15

/Article by Juanito Concepcion/

/Text/ The peso's exchange rate against that of the U.S. dollar will likely under a slight adjustment as the import liberalization program gets going, Finance Minister Jaime V. Ongpin said the other day.

Private bankers have agreed that a slight deterioration of the peso-dollar exchange rate can be expected in the next couple of months as liberalized importations of many raw materials and other products will increase demand for dollars and eventually influence the peso-dollar rate.

Increased demand for dollars both from official sources and the black market will likely result in a slight deterioration of the peso-dollar exchange rate following the law of supply and demand for foreign exchange, bankers said.

The exchange rate had dropped slightly to P20.52 to a dollar after stabilizing at P20.50 over a month ago.

Ongpin did not say to what extent the peso-dollar exchange rate can drop.

But the government reached late last April a broad understanding with the International Monetary Fund on a set of macroeconomic assumptions and projections on the country's economy for 1986 and 1987.

Among these projections is an average P21 to $1 exchange rate for 1986 and a P21.50 to a dollar exchange rate for 1987.

Ongpin, however, said the assumed P21 to a dollar rate for this year was arrived at only for "computation purposes and it is not a specific target."

The finance chief did not appear perturbed about the likely deterioration of the peso against the dollar as he stressed that the peso's value right now is very stable.

He even pointed out that the peso's value against that of the dollar could have strengthened further to an P18 to P19 level had the government simply allowed the supply and demand for dollars to take its course.

Peso Drops Slightly After Imports Freed

HK130526 Hong Kong AFP in English 0452 GMT 13 Jun 86

/Text/ Manila, 13 Jun (AFP)--The Philippine peso's official value has dropped slightly to 20.6 to the U.S. dollar less than a week after Manila lifted import controls, a Central Bank spokesman said here Friday.

The rate had stabilized at 20.5 per about a month and reached 20.52 on 6 June, when the Monetary Board, the country's highest financial policymaking body, approved the lifting of import controls on 437 items.

But Central Bank spokesman Roberto Garcia told AGENCE FRANCE-PRESSE it was too early to draw a connection between the new rate and the lifting of import controls since other factors including increased foreign travel came into play.

Some businessmen here have speculated that the rate fell due to expectations of a sharp rise in demand for dollars by importers.

The current official rate was set Wednesday on the authorized foreign exchange trading floor. There was no trading Thursday, a holiday.

The current black market rate is 21 to 1, dealers said Friday.

The peso's nosedive to levels reaching 24 to 1 on the black market ended when President Corazon Aquino took power in February after a revolt overthrew Ferdinand Marcos.

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CSO: 4200/1131

PHILIPPINES

'ECONOMIC INDICATOR' COLUMN REPORTS ON RESERVE DEFICIENCY

HK100111 Quezon City BUSINESS DAY in English 9 Jun 86 p 2

["Economic Indicator" column: "Reserve Deficiency Swells"]

[Text] Available reserves of the country's banking system in March fell short of the required level by P5,017.3 million, 69.91 percent more than the reserve deficiency of P2,953.0 million recorded in the same month last year, Central Bank [CB] figures showed.

However, the reserve deficiency last March marked a drop of P1,708.1 million from the previous month's shortfall of P6,725.4 million.

From April 1984 to August 1985, banks were required to keep 24 percent of their deposits or eligible government securities as reserves either in their vaults or as deposits with the CB.

From September to the period under review, the reserve requirement was lowered to 23 percent of total demand deposits, savings deposits and time deposits with maturities of less than 730 days; 6 percent of tiem deposits with maturities of more than 730 days; 5 percent of negotiable certificates of time deposits; and 10 percent of foreign deposits.

Based on these rates, banks must set aside P19,543.4 million of their total deposits of P101,427.5 million as reserves. However, they were only able to keep P14,626.1 million, 4 percent lower than last year's P15,235.7 million.

Required Available Reserves Against Deposit
Liabilities of Commercial Banks
(In million pesos)

Period	Deposit Liabilities	Required Reserves	Available Reserves	Excess (Deficiency)
1986				
January	102448.9	19615.6	15402.5	(4213.1)
February	97806.4	19023.8	12298.4	(6725.4)
March	101427.5	19643.4	14626.1	(5017.3)

Period	Deposit Liabilities	Required Reserves	Available Reserves	Excess (Deficiency)
1985				
January	98847.0	18517.9	19277.3	759.4
February	98948.4	18580.4	18609.5	29.1
March	96331.1	18188.7	15235.7	(2953.0)
April	96036.2	18191.2	16547.0	(1644.2)
May	98285.4	18654.7	17241.6	(1413.1)
June	99765.5	19153.1	18147.6	(1005.5)
July	95581.0	18568.0	17164.1	(1403.9)
August	98410.9	19124.4	17016.6	(2107.8)
September	102119.5	19026.2	17741.8	(1284.4)
October	99645.8	18644.0	14994.7	(3649.3)
November	100211.8	18808.1	15613.8	(3194.3)
December	107893.7	20332.4	17127.0	(3205.4)

Source: Central Bank

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CSO: 4200/1127

1986 FIRST QUARTER EXPORTS DROP 4.3 PERCENT

HK130530 Quezon City BUSINESS DAY in English 12 Jun 86 p 2

/"Economic Indicator" column: "Exports Drop 4.3 Percent in First Quarter"/

/Text/ Total Philippine exports in the first quarter of 1986 amounted to $1.089 billion, a decrease of $49 million or 4.31 percent from the yearago level of $1.138 billion, data from the Central Bank showed.

Shipments of goods were hampered by the economic and political uncertainties during the period. Foreign buyers reduced their purchases for fear that their orders may not be delivered on time.

The bulk or 35.45 percent of the total exports was shipped to the United States, the country's leading trading partner. Exports to the United States amounted to $386 million, down 4.46 percent from $404 million in the same period in 1985.

Likewise, exports to Japan dropped by 12.66 percent from $237 million in 1985 to $207 million in 1986.

On the other hand, exports to the European Economic Community (EEC) rose 26 percent from $150 million to $189 million. This was the result of the market acceptance of the country's products within the whole community.

Value of Exports by Country of Destination
January to March, 1985 and 1986
(For value in million US dollars)

Country of Destination	1986	1985	Percent Increase (Decrease)
United States	386	404	(4.46)
Japan	207	237	(12.66)
European Economic Community	189	150	26.00
Middle East Countries	23	17	35.29
ESCAP Countries	167	236	(29.24)
ASEAN	84	135	(37.78)
Other ESCAP Countries	83	101	(17.82)
Socialist Countries	21	21	--
Other Countries	96	73	31.51
Total	1,089	1,138	(4.31)

Source: Central Bank

PHILIPPINES

BANK OF PHILIPPINE ISLANDS REGISTERS LARGEST DEPOSITS, ASSETS

HK290252 Manila THE NEWS HERALD in English 28 May 86 p 8

[Text] The country's five biggest private commercial banks registered a combined total resources of P86 billion at the end of December 1985 with the Bank of the Philippine Islands retaining its number one position in assets and deposits.

In a recently completed study report on the nation's five unibanking groups, the Bank of PI also showed its strength in many critical indicators.

The same report disclosed that the P86 billion aggregate resources of the five unibank groups--Metro Bank; Far East Bank; PCI Bank; United Coco Bank and Bank of P.I.--represented 48.7 percent of the total resources of the Philippine commercial banking system.

The study showed that Bank of P.I. remained the largest private commercial bank with total assets of P20.9 billion or 11.9 percent of the system's total resources.

The Ayala-owned commercial bank posted a 1985 year-end deposit level of P15.7 billion or P521 million higher (three percent hike) over the 1985 third quarter record, the report said.

Metro Bank came in second with total assets of P19.2 billion and deposit levels of P12.9 billion. Third was PCI Bank with P16.5 billion in assets and P10.8 billion in deposits.

The record of the other unibanks are: Far East Bank--P15.5 billion in assets and P8.5 billion in deposits; United Coco Bank, P13.9 billion in assets and P9.4 billion in deposits.

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CSO: 4200/1138

POWER CORPORATION SEEKING ADDITIONAL FUNDS

HK110340 Manila MANILA BULLETIN in English 10 Jun 86 pp 13, 14

[Article by Ellen Samaniego]

[Text] The National Power Corp. [NPC] is currently negotiating a $100 million short-term loan from a number of offshore banks to finance importation of its coal requirements and spare parts this year.

NPC vice president for finance Chrisogonus Herrera indicated that some of these foreign banks led by the American Express International Banking Corp. have already expressed intention to extend the needed financing to NPC, which is suffering from severe fund lack.

Herrera said that NPC is expected to realize a net surplus of P423 million this year. The internal cash generation will, however, cover the peso portion of NPC's projects which require a total counterpart funding of P3 billion.

He said NPC has to source other funds pending talks on the extension of the $55 million loan from Amexco. The loan will partly finance interest payments for the nuclear plant project and projected deficit of P6 billion this year.

NPC has earlier sought the extension of the remaining portion of the Amexco loan up to the end of this year but this has not been acted upon by the U.S. Export-Import Bank.

NPC's operations have been saddled by its operating debt service which has ballooned from P805 million in 1981 to P5.1 billion last year. Its amortization in the same period has increased from P322 million to P2.4 billion and interest payments from P483 million to P2.7 billion.

NPC, during the last five years, has been relying heavily on short-term oil supply credits to finance its budgetary deficit which widened from P669 million in 1981 to P2.04 billion last year because of the huge cost of the nuclear plant project.

The nuclear power plant accounts for about P4 billion of this year's P6 billion estimated budgetary shortfall of NPC. Out of the P4 billion plant costs, interest during the project's construction amounts to P3.7 billion.

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--Mobilizing of research and extension systems (including state colleges and universities of agriculture and nongovernment and farmer organizations) to quickly assess field problems and potential, identify appropriate, low-cost technology, disseminate information to farm families and provide feedback to policymakers and research institutions.

--Removal of constraints on seed supply (particularly open polinated corn seeds).

--Reorientation of the Agricultural Incentives Priorities Plan. Although the plan principally benefits large agribusiness firms, the need to rapidly build the agricultural sector requires all sources of potential growth to be tapped and the extension of large-scale business will benefit peripheral farmers. The plan needs to be modified to remove onerous provisions and to more closely match the government long-term goals.

--Implementation of new policies that will improve incomes in fishing and provide more equitable access.

--Closer control of the use of pesticides if needed to assure product quality, efficiency, and safe handling.

--Relaxation of the ban on interprovincial transport and slaughter of carabaos to increase incentives to greater production and effective breeding programs.

--Decentralization of administration specifically the establishment of regional offices that have discretionary power to act on all nonpolicy operations of the ministry. A major first step in this scheme is the appointment of a Deputy Minister for Mindanao based in Davao.

Short-term Objectives

The various short-term strategies seek to achieve the following objectives: creation of jobs for the landless workers; redistribution of land rental income to the poorest; increase of output prices at the farmgate level; lowering of input prices; and increase in productivity.

Rationale

The short-term recovery program for the rural sector addresses itself to the average rural family whose income is only 40 percent of urban family income and belonging to the 40 percent of rural families living below the poverty line. It is said that the rural sector has nearly 75 percent of the poorest 40 percent of total households. Corn and coconut farmers and landless agricultural workers are among the poorest.

Potential to Spearhead Economic Recovery

Agriculture has the potential to lead the country's economic recovery because it appears to be a more efficient earner and saver of foreign exchange than the industrial sector. Moreover, a rapid increase in agricultural incomes would have strong employment and income multiplier effects on the whole economy since rural consumption is heavily oriented to food and labor-intensive industrial consumer goods and service.

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PHILIPPINES

PROFESSOR'S REPORT URGES POLICY REFORMS FOR RECOVERY

HK101545 Quezon City BUSINESS DAY in English 10 Jun 86 p 2

[Article by Julia C. Del Castillo]

[Text] Whether or not the government will succeed in reviving the economy largely hinges on its ability to pursue not only a program of recovery but also one of sustainable growth, a 16-man group of professors from the UP [University of the Philippines] School of Economics [UPSE] said.

In a report, "Economic Recovery and Long-Run Growth: Agenda for Reforms"--on which the National Economic and Development Authority [NEDA] is said to have based the new government's economic program which the NEDA is expected to announce soon--the UPSE professors detailed the strategies which the government would have to adopt to achieve reforms, both in the public and private sectors, based on the basic principles of "respect for human rights, social justice and poverty alleviation, and growth and efficiency."

The government has actually recently announced the adoption of some of these strategies, which in general involve drastic policy reforms on a wide range of issues such as the external debt, the monetary and financial system, fiscal policy and the public sector, the structure of government, distributive justice, population and basic services, labor and employment, agriculture and rural development, and trade and industry policy.

The report was prepared by Florian A. Alburo, Romeo M. Bautista, Dante B. Canlas, Benjamin E. Diokno, Emmanuel S. de Dios, Raul V. Fabella, Mario C. Pernil, Gabriel U. Iglesias, Ponciano S. Intal Jr., Mahar K. Mangahas, Felipe M. Medalla, Rosa Linda Tidalgo-Miranda, Ernesto M. Pernia and Edita A. Tan.

The UPSE professors said the government would have to immediately implement reforms in several specific areas to "reverse the sharp economic decline and to set the stage for implementing a more forward-looking development strategy."

The government would have to first resolve critical problems in these areas before it embarks on mapping out its strategies for issues because of the urgency of these problems and their significant impact in the long term on the country's economic development.

The group singled out these areas to include what it claims to be the appropriate "approach" the government would have to take in the management of the country's external debt, which specifically underscores the necessity for the government's veering away from the dictates of the International Monetary Fund (IMF) and other foreign creditors.

Likewise, the group said the monetary system would have to be overhauled to make future monetary policies "expansionary" instead of "contractionary" as they had been under the past regime.

The group said that in forthcoming negotiations with the World Bank and IMF, monetary officials must insist on a package of monetary policies that emphasize the country's economic growth rather than debt servicing.

This is because, more than debt servicing, the government's foremost concern now must be its social and economic objectives in approaching the debt negotiations, they said.

A growth-oriented external debt management would mean that the government should first aim for a "reasonable economic growth," or about 5 percent to 6 percent starting next year, before working out a debt restructuring plan consistent with that growth target.

"We urge the monetary authorities to be cognizant of the country's need for economic recovery and less compliant with the requirements of the IMF and foreign creditors for debt servicing. The government must be committed to achieving a satisfactory growth rate, say 5 percent to 6 percent beginning 1987. This would require a much smaller debt service than that prescribed by the IMF under the old regime for the years 1986-1991. The government must assert its sovereignty over its policies in pursuit of urgent social concerns," the UPSE professors stressed.

These concerns include, basically, employment, equity and growth, they said. They added that a growth-oriented debt management would be a "less painful route" to economic recovery.

"The 10 percent decline in real GNP (gross national product) that made possible the marked improvement in the current account in 1984-85 was too great a sacrifice for the country to accept, especially since the burden of adjustment tended to fall more heavily on the lower income groups. It is unthinkable to us that the government should have to ask the Filipino people to be prepared for a similar sacrifice in the coming years.... The past government's incomprehensibly docile compliance with the prescriptions of creditors resulted in serious recessions in 1984 and 1985. The new government should not repeat this stupidity and timidity," the UPSE professors said.

For the government to succeed in achieving its aim of economic recovery, the UPSE professors said it should also institute measures to redistribute incomes and provide more resources to support public education, basic medical care, nutrition and land reform as part of its overall fiscal program.

A redistribution of incomes could come via the government's ability to provide employment, equity (in terms of "distributive justice" and land and natural resources reform) and basic services.

Such a goal becomes particularly significant because of the widespread problem of poverty in the country today, especially in the rural areas, they said.

Fiscal policy reforms would also necessarily have to include a substantial reduction in the "scope" of the government, including the drawing up of a tax decentralization of government not only in terms of power but also authority (such as in the broadening of tax sourcing); and the provision of checks and balances, the group said.

"The proposed fiscal policy program addresses the problem of raising, in an equitable and administratively efficient manner, the financing needed to support development projects, particularly rural infrastructure and social services," the UPSE professors said.

The group believes that the country's economic recovery must be initially stimulated through export expansion and more government expenditures in rural infrastructure. Exports, because it would be the "most logical" solution to the present foreign exchange problem and more infrastructure in the rural areas, because such is expected to promote the development of both agricultural and industrial producers in outlying areas, they explained.

Export expansion can be realized through improvements in price incentives to local exporters. The professors recommended two policy measures toward this end: the removal of export taxes and the adoption of a flexible exchange rate policy that will prevent the undervaluation of foreign exchange.

In considering the two recommendations, the UPSE professors said policy makers should take into account that under the present tariff system, all exports are already being taxed uniformly by an estimated 15 percent to 20 percent through an exchange rate that overvalues the peso by the same amount.

"This is a very heavy penalty on all exports; adding explicit export taxes would be to us, extremely difficult to justify," they said, adding that a more realistic exchange rate policy would also encourage efficient import substitution.

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PHILIPPINES

CUSTOMS COMMISSIONER URGES DROPPING USE OF SWISS FIRM

HK120846 Manila MANILA BULLETIN in English 11 Jun 86 p 15

/Article by Ellen P. Samaniego/

/Text/ The country no longer needs the services of the controversial Societe Generale de Surveillance /SGS/ S.A. as its coverage encompasses only 7 percent of the Philippine imports, Customs Commissioner Wigberto Tanada indicated in a memorandum earlier sent to President Corazon Aquino.

Tanada told the President that the SGS scheme was unnecessary since this would only affect 7 percent of the country's imports but of about 35 percent of Philippine imports from the nine countries included in the monitoring scheme.

Furthermore, he added, the scheme offers no guarantee against any substitution.

He noted that only assurance SGS has given the government on better collection of duties was its own testimonial on how well it performed in Indonesia, 1 of its 21 clients and the only one in Asia.

He cited that even in Indonesia, there are reported cases where SGS inspectors issued a "clean report of findings" without actually inspecting the shipments as in the case of a cargo from Singapore which it certified to contain natrium carbonate hut turned out to contain computers and other electronic products.

Tanada also claimed that the Philippines does not belong to the same level of development of the SGS's cleitns, which he claimed are an underdeveloped. He added that the Bureau of Customs can do the job of SGS which is "expensive and counterproductive."

He pointed out that the SGS inspection contract will cost the government about P400 million or .085 percent of the value of imports it inspects as well as the suppliers who have to pay for the clean report of findings without which they cannot ship.

SGS, moreover, usually takes 7 to 10 days to inspect shipments which suppliers claim would affect their cost which in turn, will have to be passed on to consumers.

Several big industries, he said, have already requested exemption from the SGS inspection scheme, saying that their importations are being processed by several government agencies and that they cannot afford further delays and the additional costs that come with it.

Tanada similarly supported the stand earlier taken by the Commission on Audit (COA) that the SGS contract was irregular and illegal as it violates certain sections of the government auditing code.

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CSO: 4200/1131

PHILIPPINES

GOVERNMENT LIFTS IMPORT RESTRICTIONS ON FURTHER 441 ITEMS

HK290250 Manila THE NEWS HERALD in English 28 May 86 p 8

[Article by Corrie Salientes]

[Text] The government is lifting import restrictions on 441 more items, Trade and Industry Minister Jose Concepcion Jr. said yesterday.

The new list is composed mainly of high tariff items such as food processing and construction materials, agro industry-based commodities, packaging and wood-based materials.

Others in the list are pulp and paper, wearing apparel, handicraft, shoes and leatherware, textile and fabrics, mining, chemical, consumer non-durables, plastic-based industry, rubber-based industry, consumer durables and other high tariff rate items.

Of the total 441 items, high tariff goods account for 357, around 36 are considered non-essential, the liberalization of which is not expected to have a significant impact on the demand for foreign exchange, and 48 items in the list are considered as luxury goods.

The import deregulation program is a part of the government's overall development strategy of creating a liberalized trade condition that would foster competition in the domestic market.

The removal of import control calls for the scrapping of various restrictive taxes slapped on these commodities and prohibitive requirements before the actual importations are made such as import clearances.

However, before the Central Bank [CB] could finally approve which products are to decontrolled, consultative meetings with the private sector, particularly with the Philippine Chamber of Commerce and Industry, are held to discuss the essentiality of the items, the presence of local producers and the level of utilization and domestic production.

The CB also ensures the availability of safeguards for the protection of domestic industries including the adequacy of existing tariff rates.

The first 141 items recently decontrolled include basic raw materials such as basic iron and steel products, hydrogen peroxide, paper and paperboard and products of such materials.

However, industry members earlier claimed that the import rehabilitation program of the government, which is fully supported by the World Bank, would jeopardize plans to rehabilitate distressed local companies and may derail efforts to sell them to the private sector.

Buyers of these assets, which are now under the wings of either the Development Bank of the Philippines or the Philippine National Bank are making second thoughts because of the competition posed by the liberalized imported goods.

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MANILA BUS FIRMS LIFT 'SYMPATHY STRIKE'

HK281538 Quezon City BUSINESS DAY in English 28 May 86 p 12

[Article by Gethsemane M. Selirio, Geselle J. Militante, Raissa Lamson Espinosa, and Joel D. Lacsamana]

[Text] With striking bus firms run by the military and jeepneys without franchise allowed to ply the affected routes along EDSA [Epifano de los Santos Avenue], union heads of striking Metro Manila bus firms agreed yesterday to lift their two-day "sympathy strike."

The Bus Industry Alliance (Busina) of bus drivers, conductors and conductresses promised to return to work today after it was assured by the Labor Ministry and bus firms that their conditions for returning to work will be complied with.

It asked that the returning bus employees will not be harassed by their management, the bus firms run by the military will be demilitarized, and the legal strikes of certain bus firms will be allowed to continue.

Last Monday thousands of Metro Manila commuters were stranded when Busina drivers, conductors and conductresses from Metro Manila Transit Corp. [MMTC], Manila [word indistinct] Bus Co., Your Bus Lines, and JD Transit were persuaded to sympathize with their colleagues at DM Transit, California Bus Lines [CBL] and Pasvil Transit.

Earlier, the Kilusang Mayo Uno [KMU] was tagged as having instigated the Metro-wide bus strike.

But KMU head lawyer Rolando Olalia told BUSINESS DAY yesterday that KMU did not instigate the rash of strikes; it merely supported strikers who had legitimate demands.

He said the labor union at CBL had struck first and approached KMU for legal and moral support which KMU readily extended. "We also authorized them to display the flag of KMU (at bus terminal of striking drivers)," he added.

During a heated conciliation meeting at the Labor Ministry, Busina asked the bus companies to look into the plight of their employees. Management agreed, and Labor Minister Augusto Sanchez called for the holding of a tripartite conference on the transport industry.

The issues behind the bus strike go beyond the local unions charges of unfair labor practices. Busina has its own eight-point demand including shorter working hours, higher commissions from gross earnings, security of tenure, stoppage to indiscriminate dismissals, granting of 13th month and overtime pay, insurance of vehicles, free legal assistance and the reduction in license fees.

Both government and management agreed to review these demands. Nevertheless, the problems of the bus companies will be treated on a case-to-case basis. Still the workers' demand is basically financial in nature which the bus firms may not be in a position to immediately grant.

For one, the Metro Manila bus industry appears to be in the brink of financial collapse. It had a P30-million loss last year. Twelve of the 13 bus firms which belong to the bus consortia owe the government P283 million in bus leasing debts as of last month.

Transport Minister Hernando Perez said the main problem is the demand for higher wages. "We've been so long under Marcos that the problems remained unattended to," he said.

Meanwhile, Brig. Gen. Ramon Montano, chief of the Capital Region Command (Capcom) turned over yesterday the operations of the striking MMTC to the original drivers.

Montano earlier provided drivers and security to each MMTC bus sent to ply the Monumento-Baclaran route. Two uniformed Capcom soldiers were assigned each bus.

Security men numbering 373 were assigned to the different bus terminals. They were ordered to remain in their posts to ensure peace and order.

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CSO: 4200/1138

FLOUR MILLS ALLOWED TO IMPORT U.S. WHEAT

HK101553 Quezon City BUSINESS DAY in English 10 Jun 86 p 11

[Text] The Finance Ministry has authorized the eight flour mills to import in the government's behalf some $35 million worth of wheat from the U.S. under the U.S. Agency for International Development's (USAID) Public Law [PL] 480 commodity aid program.

The importation, which will earn for the government about P700 million from the proceeds of the wheat sale to the mills, marks the first time that the National Food Authority (NFA) will not be the body that will import grains under a credit facility made available by the U.S. to the Philippines on a government-to-government basis.

Philippine Association of Flour Millers, Inc. (Pafmil) executive secretary Leo R. Parungao Jr. told BUSINESS DAY that the export amount is equivalent to a total of 250,000 metric tons of both hard and soft wheat.

Parungao said the amount actually consists of the unused portion of a previous PL 480 grant made available by the U.S. to the Marcos government for 1985-86.

This means that local flour mills may also have the chance to avail of PL 480 allocations the U.S. Government may decided to give the country for 1986-87.

The Philippines has up to the end of this month to complete negotiations with the U.S. for the full utilization of the previous allocation.

Pafmil officials are scheduled to leave for the U.S. by the middle of this month to discuss with the U.S. Government the mills' use of the remaining credits and conduct biddings with prospective suppliers.

The wheat is expected to arrive in staggered shipments of 75,000 metric tons in July, 75,000 tons in August and 100,000 tons in September.

In designating the mills as the government's duly authorized representatives to make the imports, Finance Minister Jaime V. Ongpin said government is also retaining an existing policy allowing the private sector to buy their grain requirements directly from foreign suppliers.

Ongpin said the government will also sell the wheat imports to the mills at prices not higher than the prevailing rates in the world market.

However, the Finance Ministry requires the mills to immediately pay in pesos the value of the imports, he said.

The proceeds from the sale of the wheat to the mills would be deposited in the National Treasury. The government may use the proceeds to finance some of its projects, or to cover part of its budgetary deficit.

In turn, the government can opt to pay for the imports in pesos instead of in dollars once payments to the U.S. fall due. Thus, while it earns immediately from the sales proceeds, the government is also able to save foreign exchange for import payments.

The Philippines will also have the added advantage of getting the imports at concessional terms.

Under the PL 480 program, the U.S. Government allows recipient countries to pay for the imports within 20 to 40 years with nominal interest rates of only up to 3 percent and grace period of from 10 to 20 years.

Parungao said the only dollar outflow for the Philippines would be for freight charges. He added that the U.S. Government has also agreed to provide quality wheat to the Philippines under the PL 480 sales.

Moreover, the mills will be consulted on the wheat quality that they need and will be advised on the schedule of the shipments so as not to disrupt supplies and prices of both wheat and processed flour in the domestic market.

Normally, the U.S. exports surplus grains of American farmers under the PL 480 commodity aid program. Thus, recipient countries often have no choice but to accept imports of inferior quality grains from the U.S. because of the giveaway prices at which the U.S. makes them available.

However, Parungao said the U.S. Government has promised that the Philippines would be getting only good quality wheat under the $35-million grant. Specifically, the shipments would consist of dark northern spring hard wheat and western white soft wheat, which are the types the Philippines requires.

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CSO: 4200/1127

PAPER REPORTS ON BANANA WORKERS STRIKE IN DAVAO

HK301558 Manila THE NEWS HERALD in English 30 May 86 p 3

[Article by Buddy Ramos]

[Text] General Santos City--The wild cat strikes staged by 30 banana plantation workers backed by a militant union may cause the collapse of the multimillion banana export industry and fears were expressed that it may escalate to banana-producing provinces of Davao Norte and Davao Sur.

Kit Ocampo, industrial relations officer of the strike-bound Standard Philippine Fruit Company (STANFILSO), said the company lost P3 million and the 64-member banana growers also suffered another P3 million loss as a result of the 21-day illegal strike backed by hundreds of outsiders including Catholic priests.

"Heavy losses would be intolerable if the strike lasts for a month probably forcing us to opt for a harsher option," Ocampo said apparently referring to the possibility of closing shop which could adversely affect the unemployment problem and the peace and order condition of the city.

As this developed, banana industry officials here and in Davao provinces expressed disgust over the statement of Labor Minister Augusto Sanchez Friday at the Davao City airport who was heard as saying "there's nothing we can do about it," when asked about it by some officials.

Last Wednesday, 29 non-striking workers were injured when 150 banana planters led by Virgilio Velayo and banana growers clashed with some 400 strikers including sympathizers in stone-throwing and fist fights at Packing Plant No 1 at the outskirts of the city.

Reports also said gunshots were heard from both sides. Violence was marred with the intervention of police and soldiers.

Earlier, Rudy Salangsang, farm manager and president of the Banana Growers Collected, said the strike was illegal because the workers do not have a union, no demands were made and no notice of strike was filed before the office of the Labor Ministry in the city.

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CSO: 4200/1138

INTERNATIONAL SUGAR MEETING HELD IN BACOLOD

Quezon City WE FORUM in English 20-26 May 86 pp 12, 15

[Article by Romy Marinas: "Bitter footnote to a sugar conference"]

[Text]

Not even when you plead in Ilonggo to the friendly waiters of Sugarland Hotel in Bacolod City can you get a swig of sugar cane juice. At least this is what the 20 or so delegates of the International Seminar for Sugar Workers of the Asia-Pacific Region found out when they met for four days in Bacolod City last week.

Not that the bartende. of the hotel, owned by sugar planter Felix Yusay, was hiding the concoction. The truth of the matter is that Negros never served sugar cane juice before. It cannot for the bitter reason that Negros province – Negros del Norte, Negros Oriental, and Negros Occidental – has become one big idle land after the collapse of the Philippine sugar industry.

"The problems of the Filipino sugar worker did not end with the beginning of the Aquino administration," said Roberto Ortaliz, president of the National Federation of Sugar Workers (NFSW), host of the gathering.

By no means a run-of-the-mill meeting, the sugar workers' conference had the likes of Dr. Gerry Hagelberg of Barbados, a respected authority on sugar economy, Reginald McQuaid of the International Commission for the Coordination of Solidarity among Sugar Workers (ICCSASW), and other delegates from the Dominican Republic, India, Sri Lanka, Thailand, the United States, Indonesia, Hawaii and Canada.

All 18 sugar mills have shut down, Ortaliz reported. With their closure went the very survival of some 400,000 sugar workers and their families.

"Children are now chewing sugar cane for breakfast, lunch, and supper," Ortaliz said. If that came as a shocker, the Filipinos in the seminar, among them the Caucasian-looking former farm manager Serge Cherneguin, NFSW secretary-general, were in for the bigger shock. A Hawaiian unionist informed them that the Hawaiian sugar workers gets the equivalent of P1,500 for a day's work. Most Negros workers received less than the legislated P32.50 daily wage. Ortaliz said that two years ago, only 20 per cent of the planters complied with the law.

"These displaced workers must be taken care of," Msgr. Antonio Y. Fortich, bishop of Bacolod, appealed to the visitors even as he urged the Aquino government to adopt realistic labor laws beneficial to the workers and their dependents. Notwithstanding Aquino's attractive May Day package, the NFSW believes that the government had not seized the bull by the horns. Her Labor Day speech skirted the plight of the Negros sugar workers and their starving dependents.

Pending definitive pronouncements on genuine land reform by the Aquino government, Ortaliz said that the NFSW will press planters and hacenderos to "lend" farmlots to the workers. He stressed that "mass actions more than arbitration" were instrumental in the borrowing by the NFSW of some 4,000 hectares of farmlots so far. The diversification of the sugar industry is one other means to stave

off hunger, the Negros-born Ortaliz said. Among others, the 200,000-strong NFSW demands the implementation of a genuine land reform program, genuine industrialization, removal of US military bases, creation of more jobs, and nationalization of industries.

Lawyer Maximo Lim, who represented labor minister Augusto Sanchez in the seminar, disappointed many when he impishly announced that "the government does not yet have a definitive policy (on the Negros problem)." He nevertheless urged the workers to call Aquino's attention by presenting their demands. He said that the removal of "the climate of fear" should make that presentation very feasible.

Cherneguin, however, took exception to Lim's statement. He said that since July last year, 12 NFSW organizers have been killed by military and paramilitary troops. The latest victim, he said, was 21-year-old Jerry Montero, believed to have been "salvaged" last March 7 in La Castellana town. Many NFSW leaders and members, however, admitted to being able to move "a little freely" now. A woman organizer in one hacienda would take issue with that, saying that she fears the day when elements of the local CHDFs make good their threat "to float down the river the bodies of one woman (hers, she believes) and two men." She has been out of work since 1983 but occupies herself with the NFSW-initiated self-help projects under the farmlots program. Visitors were taken to the cooperative sari-sari store and shown 12 chickens.

Farmlots are hard to come by in the haciendas, one reason being the rather absurd way the hacenderos respond. In hacienda Isabel in La Castellana, for instance, owners Carlos and Gil Jalandoni gave a basketball court instead of a farmlot where tenants could plant rootcrops or raise livestock.

"We cannot play games while our stomachs grumble," said Jose dela Cruz who had labored for the Jalandonis for 37 years. Dela Cruz, 47 and father of 10, cannot even boast of a transistorized radio.

Alfredo Lacson, who once owned hacienda Camile in La Carlota town, also donated a basketball court. The workers, however, put it to better use by converting it to a farmlot. They recalled that it could go the way of the farmlot they tilled in 1975, only to be bulldozed by Lacson. On the side, residents of the 56-hectare hacienda gather sand and gravel to make both ends meet.

Ortaliz suggested that the Aquino government meet the workers halfway, warning that it should never "try the people's patience." Bishop Fortich suggested that management and labor meet halfway, too, otherwise the social volcano that is Negros will erupt someday soon.

That impending eruption appears to be lost on Bacolod City residents, the provincial capital that counts three million Catholic believers. Rice sells for six pesos a kilo, Pepsi-Cola and Royal Crown Cola billboards abound. But outside city limits, the likes of Dela Cruz have not eaten rice for months. One is tempted to ask when they hope to see grains on their table but on second thought would rather not. You would choke on your cola if you did.

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CSO: 4200/1132

BRIEFS

LOYALIST VICTIM OF MUSLIM YOUTH--Homicide investigators said the death of a loyalist whose body was found at the metropolitan waterworks and sewerage system's pumping station in Quiapo was not caused by the military's dispersal operations, but rather by Muslim youths. In a report on innocent victims of the military's dispersal operations, it was alleged that the body of (Romeo Maglaguin) had gun shot wounds. Authorities said that the military dispersal team members who confronted demonstrating Marcos loyalists last Sunday did not carry firearms. /Text/ /Manila Far East Broadcasting Company in Tagalog 1000 GMT 12 Jun 86 HK/ 12228

OFFICIAL ON TERRORIST INFILTRATION--A top government official expressed concern over reported entry into the country of thousands of terrorists and communist infiltrators. Immigration and Deportation Commissioner Enrique Joaquin warned that the entry fo these people would pose a serious threat to the security of the country. He added that the red infiltrators and terrorists came from some countries in the Middle East. /Text/ /Quezon City Radyo ng Bayan in Tagalog 0900 GMT 12 Jun 86 HK/ 12228

MEMO WITH U.S. LAWYERS--A memorandum of understanding was concluded between the Presidential Commission on Good Government and a group of lawyers from the United States Justice Department. More on this from Joy Montero: /Begin Montero recording/ The memorandum of understanding provides that the two sides will cooperate in the search for evidence on hidden wealth cases, including those involving (?armsworld) and Westinghouse. (?Armsworld) is an American arms dealer involved in the sale of military weapons to the Philippines under the RP-U.S. military assistance agreement. Former Armed Forces of the Philippines Chief of Staff General Fabian Ver is suspected of holding an interest in the sales. On the other hand, Westinghouse is alleged to have paid huge commissions to people who lobbied to have the Bataan nuclear power plant awarded to Westinghouse. The American lawyers group who signed the memorandum arrived in the country last week. /Text/ /Quezon City Radyo ng Bayan in Tagalog 1000 GMT 11 Jun 86 HK/ 12228

REBEL DEATHS PROBED--The military will justify the slaying of nine suspected rebels in Tarlac during an alleged military encounter. The Task Force Detainees of the Philippines claim that the nine were victims of random killing and that no military encounter occurred as alleged by the army. Meanwhile, Armed Forces of the Philippines Provost Marshal Brigadier General Hemogernes Peralta said

that investigations into the incident are still incomplete, as there are still more witnesses who have voiced intention to testify. Peralta also said that so far, only one member of the group under investigations said the encounter was legitimate. According to the Task Force Detainees, no fighting took place, and five of the slain victims had no weapons and their hands were tied when shot by the soldiers. /Text/ /Manila Far East Broadcasting Company in Tagalog 1000 GMT 11 Jun 86 HK/ 12228

GENERALS SUMMONED ON WEALTH CHARGES--Three generals will be summoned next week by the AFP /Armed Forces of the Philippines/ Antigraft and Corrupt Practices Board (NAAGB) to answer charges of illgotten wealth. The three were identified as Major General Josephus Ramas, former army chief; Major General Vincente Piccio, former PAF /Philippine Air Force/ chief; and Rear Admiral Simeon Alejandro, former PN /Philippine Navy/ chief. The three are among the more than 100 military officers now under investigation by the board created last May by General Fidel V. Ramos, AFP chief of staff. The board last week asked the Presidential Commission on Good Government to freeze the bank accounts of 20 officers, including 15 generals and 5 colonels. Several of them are currently out of the country. /Text/ /Manila THE NEW PHILIPPINES DAILY EXPRESS in English 11 Jun 86 p 1 HK/ 12228

$54 MILLION BOND ISSUE--Manila, 12 Jun (AFP)--The Asian Development Bank (ADB) headquarters here announced Thursday a new public bond issue in Switzerland totalling 100 million Swiss francs (54.9 million dollars). The 10-year bonds, intended to beef up the ADB's ordinary capital resources, were priced at 99.75 percent with 5 1/8 percent annual interest payable annually on 25 June starting 1987, a bank press statement said. The 20-year-old ADB's 21st bond issue in Switzerland brought its borrowings there to 1.968 billion francs, or 1.08 billion dollars at current exchange rates. /Text/ /Hong Kong AFP in English 0419 GMT 12 Jun 86 HK/ 12228

CRONY TO PAY $12 MILLION--A report from San Antonio, Texas, says Jose Yap Campos, the Filipino businessman and frontman of deposed President Marcos, has agreed to pay a $12 million settlement of the court case over $51 million in Texas land /as heard/. The offer was announced by a Philippine Government official. The lands are in the San Antonio, Corpus Christi, and Fort Worth areas. Bonifacio Gillego, the executive director of the Commission on Good Government, announced the agreement. The report said Yap met with government officials in Vancouver, British Columbia, to thresh out the agreement. The first installment of the settlement, amounting to $3 million, was reported (already) to the Aquino government last week. /Text/ /Manila Far East Broadcasting Company in English 2300 GMT 12 Jun 86 HK/ 12228

COMMERCIAL BANKS' ASSETS GROWTH--Manila, May 31 (AFP)--Commercial banks in the Philippines posted a one-month aggregate asset increase of 49.2 billion dollars in April to reach a level of 13.6 billion dollars, the Central Bank said here Saturday. The asset expansion, which was a turnaround from the contraction experienced by the banks in March, was largely due to the growth in resources of foreign banks and government-owned commercial banks, the Central Bank added. The Philippines commercial banking system comprises 24 private banks, two government banks and branches of four foreign banks. Banks have been badly hit by the slump in the Philippines economy and analysts said April's asset growth was a significant improvement. [Text] [Hong Kong AFP in English 0609 GMT 31 May 86 HK] /6662

COUNTERINSURGENCY AIR RAIDS--Philippine Air Force Chief Brigadier General Ramon Farolan said that the air raids conducted by the Air Force in Samar, Northern Mindanao and Cagayan were effective in the counterinsurgency campaign and that NPA rebels were forced to lie low. Farolan said the military had changed its tactical operations against the NPA from conventional ground warfare to the current airborne assaults. [Text] [Quezon City Radyo ng Bayan in Tagalog 0200 GMT 4 Jun 86 HK] /6662

ARMS FOR ANTI-LOGGING PERSONNEL--Natural Resources Minister Ernesto Maceda asked the military to distribute arms to ministry personnel who are engaged in operations against illegal logging. Maceda made the announcement following the death of two personnel and the wounding of one reportedly in a rebel attack. [passage indistinct] The incident occurred at barangay (Tambon), Pantabangan, Nueva Ecija. [passage indistinct] [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 13 Jun 86 HK] /6662

CSO: 4211/62

MINISTRY STATEMENT CONDEMNS SOUTH AFRICA ATTACK

BK101024 Hanoi Domestic Service in Vietnamese 1430 GMT 10 Jun 86

/Text/ On 10 June the SRV Foreign Ministry issued a statement condemning South Africa's recent acts of aggression against Angola. The statement said:

On 5 June 1986, the South African administration brazenly sent its warships and commandoes to attack the port of Namib in southern Angola, sinking one Cuban ship and heavily damaging two Soviet ships while they were unloading goods at the port and destroying several Angolan fuel depots.

Following its preposterous violations of the sovereignty of Zimbabwe, Zambia, and Botswana, the recent piractical act of the Pretoria administration, backed by U.S.-led imperialism, against the independence and sovereignty of Angola, have aggravated tension in southern Africa.

This is both a new escalation of aggression, new evidence of the state terrorism stubbornly pursued by the South African apartheid administration--a tool of imperialism--agains the independence, sovereignty, peace, and security of varous African nations.

The people and the Government of the SRV strongly condemn these acts of aggression by the South African administration against Angola and resolutely demand that it put an immediate end to its acts of piracy; stop lending a helping hand to the UNITA /National Union for the Total Independence of Angola/ bandits; and respect the independence, sovereignty, and territorial integrity of Angola and other countries.

The Vietnamese people and the SRV Government reaffirm their militant solidarity and vigorous support for the just struggle of the Angolan people and other southern African peoples to defend their national independence and sovereignty and eliminate completely the brutal apartheid regime.

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CSO: 4209/596

QUAN DOI NHAN DAN CONDEMNS RSA'S 'PIRATICAL MOVES'

OW121713 Hanoi VNA in English 1450 GMT 12 Jun 86

/Text/ Hanoi VNA 12 Jun--"The barbarous acts of South Africa must be condemned and sanctioned," urges the army paper QUAN DOI NHAN DAN in a commentary today.

The paper says:

"Following the piractical moves against the three frontline African countries, Pretoria has attacked not only economic and civilian targets of Angola but also cargo ships of the Soviet Union and Cuba. Again, these new criminal acts of South Africa show Pretoria's extreme bellicosity and its utter contempt for international law.

By their piratical acts against neighbouring countries, the Pretoria authorities and their supporters wanted to exacerbate tension in the region. These are not only brazen provocations against sovereign and independent countries but also a direct threat to the nonaligned countries which are preparing for the eighth summit to be held in Harare, capital of Zimbabwe.

A companion-in-arms of Angola and other frontline African nations, the Vietnamese people energetically condemn Pretoria's criminal moves against Angola and other countries. We strongly demand that it put an immediate end to all its aggressive actions against Angola as well as its help to the UNITA reactionaries, and fully respect the independence, sovereignty and territorial integrity of Angola and other countries in the region.

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CSO: 4200/1133

PARIS PAPER VIEWS FRANCO-VIETNAMESE TIES

PM121455 Paris LE FIGARO in French 6 Jun 86 p 4

[Francois Nivolon dispatch: "France-Vietnam: Diversified but Inadequate Cooperation"]

[Text] Hanoi--Political relations between France and Vietnam are generally good. However, for 7 years Paris has maintained its wholehearted condemnation of the Vietnamese Army's occupation of Cambodia. "France has a very good knowledge of our problems, and I think it understands them," Vice Foreign Minister Vo Dong Giang told me. "We are very satisfied with the cultural, scientific, and technical cooperation between the two countries. We would like France to play a better part in Vietnam's economic development. But we know that there are problems on the French side."

Indeed, there is essentially one problem: The Fr200 million loan made by France in 1981 is still "frozen." It will remain frozen until Vietnam has rescheduled its public debt to the OECD and the international organizations.

A Still-Modest Level

In the absence of new French credits, two major projects have been at a standstill for 3 years: In Ha Tien in the extreme south of Vietnam the extension of a cement works for which the civil engineering work has been completed. Equipment delivered a long time ago--worth almost Fr300 million--is slowly but surely deteriorating in Ho Chi Minh city port; and in Tan (Manh) in South Vietnam, the construction of a paper factory valued at Fr250 million, for which the equipment has also been supplied.

With regard to a third, Fr80-million project--the Lam Son sugar refinery in central Vietnam--preliminary talks are being conducted between Hanoi and the French company responsible for the work to find the vital Fr8 million in capital to revive the construction project.

Following the visit to Vietnam by a group of businessmen a year ago, a private loan of Fr 50 million was granted for the supply of spare parts and industrial equipment to Ho Chi Minh City. Rhone-Poulenc is firmly established in Ho Chi Minh City and has just sent a delegation to Hanoi.

Several representatives of French companies established in Singapore are visiting Ho Chi Minh City at present, and others will be going there at the end of September. The local authorities, who have broad autonomy in management, want a permanent French commercial representative in Ho Chi Minh City, to increase the volume of business between the former South Vietnamese capital and the French private sector.

Trade remains at a modest level: In 1985 France exported Fr200 million's worth of goods to Vietnam and imported goods worth Fr76 million. In addition the "Ipitrade" Company, which belongs to "Red Billionaire" Doumeng's group, has a program worth several hundred million francs for the current year.

For example, it exports good-quality Vietnamese rice and imports cheap rice and fertilizer. Some of this fertilizer is bought in France, as are some capital goods. In addition, Ipitrade is to launch two projects--one to reequip three flour mills in Hanoi, Haipong, and Ho Chi Minh City and the other for the construction of silos in the Mekong delta. Managers from Credit Agricole visited Hanoi at the end of April.

Cultural cooperation is developing relatively well. Thanks to linguists sent to Vietnam and thanks to study grants and short study courses in our country, France is helping to train teachers of French and to write new French language textbooks. In addition, there is a long-term project to retrain the 1,600 teachers of French employed by the National Vietnamese Education Ministry.

It is disappointing that only 300 students have registered in the French section of the Higher National Foreign Languages School whose premises, built by France and opened in 1984, could house 1,200 students for 5-year courses. Indeed, the teaching of all foreign languages in Vietnam encounters difficultires, one of which is lack of motivation: The salaries of Vietnamese teachers of French, English, or Russian are very low.

Another form of cooperation is support for the language education of 5,000 cadres and technicians following courses in French, especially at the Vietnam Polytechnical Institute and the School of Diplomacy and in the public health, foreign trade, and telecommunications sectors, among others.

Supply of Books and Periodicals

A program has just been launched to ensure that there are people to take over from Vietnamese experts on French literature, who are relatively large in number but who are old. Vietnam, with Lebanon, is the main beneficiary of French aid for the supply of books and periodicals, mainly scientific and technical. A cooperation agreement was signed in January 1986 between the Paris National Library and the Hanoi National Library.

Finally, France is helping to train audiovisual technicians for cinema, television, and radio and is supplying around 50 hours of cultural and sports television programs per year. Talks are well under way for French participation in the installation of an FM radio station to reach more than 3 million

people in Hanoi and its suburbs. The program would include 210 minutes of broadcasting in French per day.

In the sphere of scientific and technical cooperation, launched in 1977, the implementation of joint projects is continuing in seven major spheres: agronomy, medicine, energy, and others.

Three private organizations--Climade, Secours Populaire, and APEL--have been contributing since 1984 to the renovation of the infrastructures of the St Paul hospital in Hanoi and to the fitting out of several specialized departments.

With regard to vocational training, there is a new project to supply equipment and assistance to train teachers for two specialized schools in Haiphong and Ho Chi Minh City. In 1985 115 grants were given by France, including 90 long-term grants: 30 for training French teachers and 60 for scientific and technical studies.

Six French linguists hold permanent posts in Vietnam--four in Hanoi and two in Ho Chi Minh City. The posting of a third teacher of French to Ho Chi Minh, where 800 students are registered at the Institute for Cultural Exchanges With France, is being envisaged, as is that of a biologist.

In addition, 58 French experts went to Vietnam on short missions last year--10 to help teach our language and 48 in connection with scientific and technical cooperation.

To these figures you have to add the missions carried out by private bodies, by the National Center for Scientific Research, and by various faculties of medicine. Many cooperation agreements have been signed between French universities and institutes--Paris VII, Orsay, Cachan, Grenoble, Marseilles, the Gustave-Roussy Institutes, the National Center for Scientific Research, the Overseas Office for Scientific and Technical Research, and so forth--and their counterparts in Vietnam.

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CSO: 4219/42

ARMY PAPER SCORES REAGAN'S 'WAR OF INTERVENTION'

BK131250 Hanoi Domestic Service in Vietnamese 1430 GMT 12 Jun 86

[QUAN DON NHAN DAN 10 June article: "War of Intervention--Reagan Still Follows the Tracks of the Overturned Wagon"]

[Text] In scrutinizing the Reagan administration's foreign policy, one finds sufficient evidence to reach a judicious conclusion: Today, the war intervention has again been employed by the reactionary forces ruling the United States as an effective measure for coping with the revolutionary current of our times. The Reagan administration considers this a new global policy. In the past few years, the Reagan administration has waged a series of wars of intervention and aggression against many countries in the world. The new global policy, coupled with the wars of intervention conducted under the Reagan administration, shows that U.S. imperialism has not changed its aggressive and warlike nature at all even though it sustained its greatest defeat in the war of aggression against Vietnam, plunged into a serious economic crisis, and was overtaken by other competing capitalist powers.

A few years after the Vietnam trauma, this imperialist chieftain has tried to rally his forces and has sought to launch a global counterattack in a bid to seek a way out of the economic crisis and cope with the world revolutionary movement. The Reagan administration has advocated a strategy of military confrontation with the Soviet Union and the socialist community, and it is prepared to realize its ambition of gaining strategic military superiority and reclaiming its lost positions anytime and anywhere. However, the profound changes of the world situation have confronted Washington with difficult and complex dilemmas. With the Soviet Union serving as the pillar, the socialist system has been growing increasingly larger and stronger in all respects, and it is constantly strengthening its impact as the factor deciding the development of human society and as the bastion of world peace. The all-out effort by the United States to maintain the arms race and regain its strategic military superiority over the Soviet Union is futile.

In the current strategic equilibrium, the United States would surely lose if it waged a new world war using conventional weapons, and a nuclear war would destroy the United States itself. The alternative for the hot-headed warmongers

in the Washington ruling circles is, along with stepping up the arms race, to restroe the U.S. position as an international gendarme and fall back on waging more elaborate wars of intervention against the national liberation and independence movement so as to reverse the situation. This is a battleground of decisive significance to the vital interests of the United States as well as to the future of capitalism in general. On this battleground, the national liberation and independence movement is sweeping away the last position of the old colonialism and dealing telling blows to neocolonialism. It is also on the same battleground on which a process of socioeconomic transformation is taking place, affecting various nations and the developing countries, but it is still impeded by many difficulties as a result from the cruel robbery and exploitation by neocolonialist forces which are, naturally, led by U.S. imperialism.

The contradictions between imperialism and the developing countries are growing ever more intense with each passing day. Many nations are resolutely waging a struggle to consolidate their political independence, regain control over their greatly exploited natural resources, and build a plentiful and happy life. For this very reason, the Reagan administration has advocated an intensive counterattack directed against the national liberation and independence movement by waging wars of intervention under different forms.

U.S. Defense Secretary Weinberger publicly said: We have had global commitments involving major and broad operations--USIS on 9 January. No matter how stubborn and belligerent it is, the Reagan administration still cannot forget the Vietnam lesson when it wants to resume its wars of intervention.

For that reason, it has revised its military doctrines on this kind of war. It has improved its military tactics and the measures and facilities to carry out military intervention according to the historic post-Vietnam background and to avoid new Vietnam lessons.

The objectives of this kind of war are those countries that resolutely oppose imperialism and choose the socialist path of development and those countries where the liberation struggles are foreseen by the United States as would-be threats to its survival.

The U.S. acts of intervention and aggression are usually aimed at battlegrounds where the revolution has not been consolidated and weakening countries faced with difficulties. The U.S. military interventions have been conducted under different labels and in various forms, depending on specific circumstances and objectives. They have been prepared proficiently in advance at each hotbed.

In Grenada, it was a police operation conducted under the label of protecting human rights to win a lightning victory by sending a U.S. force directly into the country in a rare situation. The revolutionary forces there had destroyed themselves because of internal contradictions.

In Libya, it was an act of state terrorism conducted under the label of anti-terrorism by a component of U.S. forces armed with modern strategic weapons in a campaign of strategic air strikes in accordance with the doctrine of low-intensity military conflicts.

In the Philippines, in February 1986, Washington dispatched 24 warships of the 7th Fleet together with 22,000 U.S. soldiers to the two large U.S. military bases in the country to serve as the military levers to overthrow the Marcos regime, in which the United States has lost confidence. At the same time, these U.S. forces were all prepared to suppress the people's upheavals if ever the latter turned into genuine revolutionary movements.

Most prevalent are the proxy wars that the United States is conducting against Nicaragua, El Salvador, Angola, the Palestine movement, Afghanistan, and Cambodia. The U.S. ruling circles consider waging war through mercenaries extremely convenient. This method has been developed from Nixon's strategy of Vietnamizing the war into a policy of intervention--a policy of conspiring behind others' backs--by the Reagan administration in the post-Vietnam period.

In comparison with the direct involvement of U.S. forces in Grenada, a special case that could hardly be repeated in other countries, with the terror campaign of air strikes against Libya, where the United States had to operate alone because its Western allies except for the Thatcher administration refused to give their support; or with the use of rapid deployment forces, which have been expensive to organize but have never been used, proxy wars present many advantages to the United States.

The policy of conspiring behind others' backs has helped the United States get rid of its political weakness, cover up its gross aggression, and avoid strong reaction at home and in the world. The United States takes advantage of loop-holes in the U.S. Congressional inspection system to establish joint reactionary forces and coordinate with other imperialist-expansionist forces in order to create conflicts and a chaotic situation in each country and region so that it can fish in troubled waters. A war by proxy costs less than sending American troops to war. Moreover, in resorting to a proxy war, if the war is won the United States will gain a great victory; but if it is lost, then the United States can covertly retreat without losing too much face.

As long as a proxy war can be maintained, the U.S. henchmen and mercenaries will continue receiving aid from the United States. Through this plot the United States can block the total victory of the revolution, thereby creating instability of creating conditions in which the United States can come back.

The new global policy and other armed interventions of the Reagan administration to oppose the national liberation and independence movement are creating mounting tension in the international arena. These are main cause of regional problems and existing hotbeds that can be easily ignited in many places. However, the U.S. imperialists cannot stop the developing law of history. All its wars of intervention are acts of weakness and failure. It is the same old act of a discredited policy.

Today's era is one of awakening and strong uprising among the suppressed nations; an era in which the trend of social progress is closely combined with revolutions to resolutely eliminate colonialism. With the national liberation movement and the emergence of many young nations, we are advancing independently on a bright historic path.

International imperialism headed by the U.S. imperialists is plunging on a downhill course. It can no longer maintain its strength or restore its lost position. No one but the warmonger Weinberger, the U.S. secretary of defense, has admitted that dangerous conditions for regional stability are numerous, even in our Western hemisphere--USIS on 5 February.

U.S. and Western public opinion also has it that the U.S. strength is not unlimited. The United States cannot expect victory in all matters that it interferes with--VOA on 30 March. Following in the rutted track of the collapsed chariot, the U.S. imperialists or anyone else who wants to restore the international gendarme role must certainly meet with a resolute blow of the independent and sovereign nations and total defeat.

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CSO: 4209/603

ENGINEERING GROUP CONDUCTS ACTIVITIES IN CAMBODIA

BK120706 Hanoi Domestic Service in Vietnamese 1400 GMT 11 Jun 86

/Text/ The S-94 engineering group has been assigned to a very rugged and dangerous battle area at the border for the past several years. Realizing the duty of the engineering branch--the members of which are the first to arrive and the last to leave in military operations, engineer cadres and combatants of the S-94 group have always scrupulously implemented orders and satisfactorily fulfilled their tasks.

During the 1979-85 period, various units of the branch were commended annually. The 15th Engineering Battalion was awarded the heroic title by the state in 1985. Three engineering companies of the 2nd, 20th, and 30th infantry groups were awarded the Military Exploit Order on the occasion of the fifth anniversary of their operations in Cambodia. In 1985, the S-94 engineering group built and repaired 30 km of roads, cleared 13,500 square meters of land through thick forests, swampy areas, and rugged terrain; leveled 17,500 cubic meters of rocky soil, built 29 mechanized bridges and drawbridges, removed 1,768 mines of various types, and cleared barriers on dozens of kilometers along the border.

At present, cadres and combatants of the S-94 engineering group are coordinating with friendly units, the armed forces, and workers in fighting, building roads, clearing barriers, and strengthening trenches, thereby firmly defending the border areas.

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CSO: 4209/596

BRIEFS

OUTGOING FRG ENVOY--Hanoi VNA 12 Jun--Ambassador of the Federal Republic of Germany to Vietnam Geert Heinrich Ahrens called on Nguyen Huu Tho, chairman of the National Assembly and vice president of the State Council, here today before his departure for home for a new assignment. Chairman Nguyen Huu Tho had a cordial talk with Ambassador Ahrens. /Text/ /Hanoi VNA in English 1456 GMT 12 Jun 86 OW/ 12228

HANOI EXHIBIT ON ROMANIAN CP--Hanoi VNA 12 Jun--An exhibition on the achievements of the Romanian Communist Party was opened here today under the sponsorship of the Revolution Museum on the occasion of the 65th anniversary of the RCP. The opening ceremony was attended by Vice Minister of Culture Nong Quoc Chan and Romanian Ambassador Constantin Potinga. On display are more than 200 photos, diagrams and charts about the RCP's activities and the achievements recorded by the Romanian people in the struggle for national salvation and social construction over the past 65 years. The exhibits also deal with the fraternal friendship and cooperation between the two parties and peoples. /Text/ /Hanoi VNA in English 1457 GMT 12 Jun 86 OW/ 12228

FILM AGREEMENT WITH CUBA--Hanoi VNA 12 Jun--An agreement on cinematographic cooperation between Vietnam and Cuba for the 1986-87 period was recently signed at the Vietnamese Embassy in Moscow. Signatories were Hai Ninh, director of the Vietnam Feature Film Studio, and Jose Manuel Pardo, vice director of the Cuban Institute of Arts and Cinematics Industry. Under the agreement, the two sides will arrange exchange visits by filmmakers of the two countries and organize film weeks in Vietnam and Cuba on occasions of their major national anniversaries. /Text/ /Hanoi VNA in English 1448 GMT 12 Jun 86 OW/ 12228

ENVOY IN SRI LANKA--Hanoi VNA 11 Jun--Hoang Anh Tuan, Vietnamese ambassador to Sri Lanka, has presented his credentials to Sri Lanka President J.R. Jayawardene in Colombo on 2 June. After the presentation, President J.R. Jayewardene made a cordial talk with the Vietnamese diplomat. He expressed his hope for further promotion of the friendly relations between the governments and peoples of the two countries. The Sri Lanka president asked the Vietnamese ambassador to convey his regards to the leaders and entire people of Vietnam. Also present on the occasion was Sri Lanka Foreign Minister A.C.S. Hameed. /Text/ /Hanoi VNA in English 1446 GMT 11 Jun 86 OW/ 12228

FRIENDSHIP SOCIETY WITH ITALY--Hanoi VNA 11 Jun--The Vietnam-Italy Friendship Association made its first public appearance at a ceremony here on 10 June with Hoang Trong Dai, vice minister of foreign trade, as president. Professor Hoang Minh Giam, president of the presidium of the Vietnam Committee for Solidarity and Friendship with other peoples, representatives of the Vietnam AAPSO Committee and the Ministry for Foreign Affairs were present. Ambassador Lodovico Masetti and staff members of the Italian Embassy, and Carlo Anzon, secretary of the Lombardy-Milan chapter of the Italy-Vietnam association, now on a visit here, were also present. Speaking at the ceremony, Hoang Trong Dai and Ambassador Lodovico Masetti stressed that the founding of the Vietnam-Italy Friendship Association was a manifestation of the two peoples' wish for further development of their friendship, cooperation and mutual assistance in national construction. /Text/ /Hanoi VNA in English 1448 GMT 11 Jun 86 OW/ 12228

AAPSO MESSAGE TO ANC--Hanoi VNA 14 June--The Vietnam AAPSO Committee has sent a message of support to the African National Congress South Africa (ANC) on the 10th anniversary of the Soweto students' uprising. The message notes that the Soweto event 10 years ago exposed the brutal nature of the apartheid regime and manifested the unyielding struggle for independence of the South African people. The Vietnamese people, the message says, have been always on the side of the South African people and strongly condemn the Pretoria administration's policy of oppression of the South African people and demand that it stop its policy of arresting and detaining without trial, and unconditionally release thousands of African patriots who are in prisons in South Africa. The message demands Pretoria, aided and abetted by the United States and Britain, put an immediate end to their support to the bandits sabotage against the peaceful life of neighbouring countries, to their acts of aggression of sovereign Zimbabwe, Zambia, Botswana and Angola. It also demands that Pretoria withdraw their troops from Namibia and respect the Resolution 435 of the United Nations on giving independence to this country. [Text] [Hanoi VNA in English 1522 GMT 14 Jun 86 OW] /12232

BULGARIAN CPCC LECTURER VISITS--Hanoi VNA 14 June--Boris Avramov, lecturer of the Bulgarian Communist Party Central Committee, has paid a week-long visit to Vietnam ended on Thursday. While here, Boris Avramov paid tribute to President Ho Chi Minh at his mausoleum, visited his house and office, and gave lectures in Hanoi, Hai Phong, Thai Binh and Ha Nam Ninh on the results of the recent 13th BCP Congress. On 11 June, Dao Duy Tung, head of the Information and Education Department of the Communist Party of Vietnam Central Committee, received the Bulgarian lecturer. Georgi Todorov Vasev, Bulgarian Ambassador to Vietnam, was present at the reception. [Text] [Hanoi VNA in English 1520 GMT 14 Jun 86 OW] /12232

AID TO PRK RESERVOIR--As a form of economic cooperation between the two sister provinces, the Quang Nam-Danang provincial water conservancy sector recently sent a group of technical cadres to its Cambodian sister Province of Battambang to help restore the Kamping Puoy reservoir. This reservoir is one of Battambang's major water conservancy construction projects left unfinished by the old regime. [Hanoi Domestic Service in Vietnamese 1430 GMT 9 Jun 86 BK] /6662

KIEN GIANG-KAMPOT COOPERATION--The Cambodian Province of Kampot recently sent a delegation to its Vietnamese sister Province of Kien Giang to discuss the results of their economic, cultural, and technical cooperation. Kien Giang Province has helped Kampot conduct surveys and design and build a number of economic, cultural, and technical development projects. [Hanoi Domestic Service in Vietnamese 0500 GMT 9 Jun 86 BK] /6662

CSO: 4200/603

HANOI REPORTS ON GRAIN PROCUREMENT IN NAM BO

BK150950 Hanoi Domestic Service in Vietnamese 0500 GMT 15 Jun 86

[Text] According to the Ministry of Food, as of the end of May 1986 provinces in the Nam Bo region had attained more than 80 percent of the grain procurement quota for 1986.

Despite crop failures in certain localities during the 10th-month growing season, many provinces have been able to increase crop acreage and step up the intensive cultivation of the winter-spring crop, thus enabling them to maintain the same level of grain production as last year.

From early this year to mid-March, almost all the provinces competed for buying paddy at agreed-upon prices and achieved a 1.5-fold increase over the same period in 1985. In May 1986 alone, the amount of grain they procure was put at nearly 154,000 metric tons--an increase of 24,000 metric tons over May last year.

This year a number of districts have adopted the system of buying whole lots of fertilizer, gasoline, and oil for retail sale and have purchased paddy from peasants at directed prices. Constant price fluctuations have also affected purchase efforts.

The Ministry of Food is seeking ways to iron out these difficulties while asking localities to undertake contracts for providing advance supply of materials for production as part of its efforts to create favorable conditions for grain procurement work.

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CSO: 4209/603

HANOI REPORTS ON CROP DAMAGE BY WEATHER, PESTS

BK121604 Hanoi International Service in English 1000 GMT 12 Jun 86

[Unattributed "article on Vietnamese peasants' efforts against natural calamities and crop pests"]

[Text] One-third of the country's rice acreage is being ridden with pests. In May, tens of thousands of hectares of ripening rice were submerged after torrential rains in consecutive days, In Cao Bang, a northern border province, a cyclone with wind speed of over 100 km an hour blew down 100 houses and played havoc on hundreds of hectares of maize. Bad news on the weather is causing concern to all people, especially the peasants in northern Vietnam, who are on the threshold of reaping the winter-spring rice, one of the two main crops of the year. It is also necessary to recall that in September last year, floods caused by heavy rains had destroyed [words indistinct] of winter crops on tens of thousands of hectares. Cyclones also killed or injured nearly 1,000 persons in the central coastal province of Binh Tri Thien, The devastating storm accompanying the cyclones also destroyed tens of thousands of houses.

A big relief campaign was later launched not only in Vietnam but other countries to help typhoon victims. The campaign was joined by several governments, nongovernmental organizations, and international relief agencies. The Vietnamese people, for their part, have brought into full play their tradition of resolute fight against natural calamities, trying to produce enough food to feed the population. The strong-willed Vietnamese again embarked on a new crop. At the beginning of this crop, everything was plain sailing on the acreage, 8 percent larger than the last crop. The rice was growing fine, although the lack of rains did some damage to a small acreage. However, the rain shortage is only the first in a series of troubles. All of a sudden, cyclones occurred in several localities, first in the northern mountainous province of Hoang Lien Son and later in the Red River Delta provinces of Thai Binh and Ha Nam Ninh. Then came the pests rampant in all delta provinces of North Vietnam. In some areas, the pest-ridden crops were beyond cure.

The battle on the ricefields over the past months has been [word indistinct]. For all the financial difficulties, the stage had decided to import more insecticides to stop the urgent problem. Beside this, the peasants in different localities have resorted to traditional methods of fighting crop pests, using lime, kitchen ashes, anti-insect lanterns, etc. Sometimes and somewhere, the old methods contributed to reducing considerably the pest-ridden acreage.

Later in May, heavy rains dissolved the insecticides sprayed on the crops while stimulating the growth of pests. Finally, a large acreage of ripening rice has been submerged after heavy rains that came in successive days. Again, the pumping machines were mobilized to drain the floodwater. Also seen in submerged fields were hand- and foot-operated scoops and peasants ready to do other owrk to save the ripening rice.

It is only a week or so away before harvest time. The Vietnamese peasants are closely following the changes in the weather with hope and anxiety. They do not sit with arms folded but go ahead with soil preparation for the next crop.

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CSO: 4200/1135

AGRICULTURE

VIETNAM

PERIODIC REVIEW OF AGRICULTURAL ACTIVITIES

OW111251 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Jun 86

/Text/ Dear friends: Here are some prominent features of the nation's agricultural activities in the first 10 days of June:

The northern provinces and cities are currently concentrating their efforts on harvesting 5th-month spring rice. According to the Statistics General Department, by 5 June the northern localities had reaped more than 285,000 hectares of rice, twice the acreage reaped in the same period last year. The fast-reaping localities included Nghe Tinh, Binh Tri Thien, Thanh Hoa, and Vinh Phu. In particular, by 5 June Binh Tri Thien had harvested 80 percent of its planted acreage. Localities are continuing to eradicate brown planthoppers in the late spring rice fields while harvesting the 5th-month spring rice.

According to initial reports from various localities, rice output in the mountainous provinces may be nearly equal to that of the 1985 5th-month spring rice harvest, whereas rice output in the Region 4 provinces and especially in Thanh Hoa may be higher. In the Bac Bo Delta provinces and in a number of the Midlands provinces, rice output may be lower than that of last year because of complicated weather conditions, the bad impact of low temperatures on ripening rice, and the ravages of brown planthoppers.

Over the past days, localities have intensified the plowing of fields, the sowing of 10th-month rice, and the planting of summer-fall rice. Noteworthy is that soil preparation for the summer-fall and 10th-month rice crops this year is faster than in the previous year. By 5 June the northern provinces had plowed more than 130,000 hectares, a 155 percent increase over the same period last year. The pace 10th-month rice sowing was also fast. By 5 June the northern provinces had sown more than 40,000 hectares, a nearly 200-percent increase over the same period last year.

In the southern provinces peasants are now concentrating on transplanting summer-fall rice. The transplanted acreage is a little larger than that of last year. By 5 June, the entire country had transplanted nearly 680,000 hectares of summer-fall rice, an increase of 10,000 hectares over the same period last year. This increase has been noted mainly in the northern provinces, including Binh Tri Thien and Nghe Tinh.

Summer-fall rice planting in the southern provinces has been slowed by late rains. By 5 June nearly 660,000 hectares had been planted--99 percent of the acreage planted during the same period last year. Currently, the southern localities are striving to accelerate the planting of summer-fall and 10th-month rice crops on all of their rice land. By 5 June more than 195,000 hectares of 10th-month rice--69 percent of the acreage planted in the same period last year--had been transplanted.

A number of northern provinces have begun early 10th-month rice cultivation. As many as 13,000 hectares have been planted, which represents 114 percent of the acreage planted in the same period last year.

In general, the pace of planting summer-fall and 10th-month vegetables, subsidiary crops, and industrial crops has remained slow. By 5 June the southern localities had planted only 80-90 percent of the acreage planted in the same period last year. The planted acreage of vegetables and subsidiary crops has reached only 100,000 hectares or 80 percent of the planned acreage. As many as 64,000 hectares of industrial crops--86 percent of the acreage planted in the same period last year--have been grown.

Regarding livestock breeding, according to a 1 April statistical report, the buffalo and cattle heards have continued to increase, accounting for 2.58 million head nationwide, an increase of 60,000 head over the same period last year. Cattle herds have increased by 170,000 head over the same period last year, whereas hog herds have decreased. By 1 April there were only 10.78 million head of hogs in the entire country, which showed a decrease of 160,000 head from the same period last year.

Dear friends: Currently, the northern localities are exerting intensive efforts to harvest 5th-month spring rice. Following inspection of rice fields, the Agriculture Ministry has informed localities that the rate of mixed rice varieties in various rice plantings has remained high, even in the localities where intensive cultivation has been practiced at a fairly broad extent. For this reason, localities should now apply measures to ensure sufficient good seeds in selecting seeds for the coming crop season. Attention should be paid to organizing manpower and securing means and tools to prepare soil quickly for the 10th-month rice cultivation. A number of localities still have the tendency to prepare soil quickly for fear that in the coming months prolonged droughts may cause difficulties to cultivation. Noteworthy is the fact that the pace of rice seed sowing this year is fast. For this reason, localities should provide close guidance in making cultivation schedules, sowing seeds, and protecting 10th-month rice seeds against harmful insects. Since weather developments will remain complicated and unpredictable, we must strive to secure sufficient reserve seeds for this year.

Buffalo and cattle herds have now entered the working period. Their health must be properly cared for during the hot season.

The southern localities should further accelerate the planting of summer-fall and 10th-month rice crops and summer-fall industrial crops, vegetables, and subsidiary crops while organizing the protection of crops so they can develop favorably.

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CSO: 4209/596

BRIEFS

DARLAC GROWING COFFEE PRODUCTION--Hanoi VNA 13 June--The central highland province of Darlac is the main coffee producer of Vietnam. Soon after the liberation of South Vietnam in 1975, Darlac set up state-run coffee plantations and worked out incentive measures to encourage the cultivation of this crop in the collective and family sectors. In the past 10 years, Darlac exported 40,000 tons, accounting for 62 percent of the province's total export value. The coffee acreage in the state-run sector in Darlac expanded from 2,800 ha in 1976 to 14,000 ha in 1985, accounting for 65 percent of the province's coffee acreage. Since 1982, two joint coffee enterprises have been set up in Darlac, one with the Soviet Union and the other with the German Democratic Republic in the framework of the programs on bilateral cooperation with these two countries. These enterprises are cultivating nearly 10,000 hectares of coffee. Their output, rose to 1,200 tons of beans in the 1985-86 crop from 320 tons in the 1983-84 crop. Under a program of development until 1990 the two joint ventures will expand their coffee acreage to 17,000-18,000 hectares. [Text] [Hanoi VNA in English 1455 GMT 13 Jun 86 OW] /12232

LIVESTOCK BREEDING REPORT--According to a statistical report on livestock breeding, on 1 April 86 there were 10,776,000 head of hogs, including 1,418,000 sows; 2,582,000 head of buffaloes, and 2,654,000 head of cattle in the entire country. Compared with the same period in 1985, the buffalo and cattle herds increased by 2.3 and 7.1 percent respectively while the hog herd decreased by 1.5 percent. Over the past 6 months, localities in the entire country have overcome problems of fodder, breed, and unstable prices; renovated the management system; and gradually applied economic accounting to ensure maintenance and development of livestock herds. [Excerpt] [Hanoi Domestic Service in Vietnamese 1100 GMT 13 Jun 86 OW] /6662

THAI BINH RICE PESTS--More than 40,000 hectares of spring rice--half of the rice acreage in Thai Binh, a major rice-growing province in northern Vietnam--are being subjected to crop pests. Thanks to the local administration's and people's efforts, about 5,000 hectares have been saved. Efforts have been made to limit the losses caused by crop pests in the province. [Text] [Hanoi International Service in English 1000 GMT 7 Jun 86 BK] /6662

CSO: 5400/4384

VNA REPORTS ON SMALL HYDROELECTRIC POWER STATIONS

OW131722 Hanoi VNA in English 1511 GMT 13 Jun 86

[Text] Hanoi VNA 11 June—Alongside the construction of big and medium-size power plants, hundreds of small-size hydro-electric power stations have been built in various parts of Vietnam.

From 1982-85, 159 stations were completed and over 40 others, destroyed or damaged by the Chinese during their invasion of Vietnam's northern border provinces in February 1979, were restored.

The Nam Cat and Dray Linh stations, with a capacity of 40 kw each, built in the mountain province of Bac Thai and the central highlands respectively, have been put into operation, supplying electricity for the local agro-industrial and handicraft establishments, in replacement of diesel engines, saving thousands of tons of oil each year.

The Phu Ninh station, built with home-made equipment and with a designed capacity of 2,000 kw has been commissioned, supplying electricity, together with others, to central Vietnam provinces. It may be regarded as a model of combined small-size hydro-electric power station and water conservancy work.

The multiplication of small-size hydro-electric power stations is opening new possibilities for the country. According to engineer Bui Quang Co, director of the small-size hydro-electric power department of the Ministry of Power, there are no fewer than 500 places in Vietnam where hydro-electric power stations with capacity ranging from 100 kw to 100,000 kw can be built, producing altogether dozens of millions of kilowatts a year.

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CSO: 4200/1135

TECHNOLOGICAL DEVELOPMENT STRATEGY PLAN DISCUSSED

OW131115 Hanoi VNA in English 0743 GMT 13 Jun 86

[Text] Hanoi VNA 13 June-- A strategy for scientific and technological development in Vietnam from 1986 to the year 2000 is being worked out with the aim of defining correct orientations for scientific and technological activities in important economic branches.

The current scientific and technological revolution in Vietnam is inseparable from the key task of the period of transition to socialism, namely, socialist industrialization. Over the past years, the process of industrialization has unfolded at different tempos in various economic branches and remarkable achievements have been made in this field.

However, mechanized production makes up only 10-15 percent of the total social labour, and the coefficient of the use of machine capacity still does not exceed 50 percent of the designed quota.

Labour productivity in Vietnam is from 5 to 10 times weaker than in developed countries. The imbalance between the capacity of production and that of supplying power, raw materials and machine spare parts remains acute. Eighty percent of the main raw materials still have to be imported.

This situation requires that scientific and technical studies be intensified so as to help concretize the party's strategy for industrialization, overcome difficulties and economic imbalances, and bring into full play the existing capacity of prodcution.

At the same time, long-term orientations must be worked out for the development of a comprehensive industry.

Steps are being taken to define the order of preferential treatment of national economic branches in supplying new equipment and technology to acquire an otpimum tempo of mechanization. On the other hand, efforts are made to improve labour instruments from simple-hand-tools to sophisticated machines to bring into play the country's abundant workforce and create more jobs for people.

Scientific and technical progress has also helped to create more and stable raw materials for industries and handicrafts.

The most important taks is to solve the food problem by raising per capita-food production to 400 kg by 1990 and 550 kg by the year 2000.

The scientific and technological revolution plays an important role in making Vietnam, from 10 to 15 years to come, a country with strong points in perennial and short-term tropical cash crops in Southeast Asia. [sentence as received]

Adequate attention is paid to new high yield rice and subsidiary crop varieties, intensive farming, bio-ecological conditions, crop cultivation, the zoning of special crops such as rubber, tea, coffee, coconut oi-palm groundnut, beans, sugarcane, cotton, and medicinal plants.

Much should be done to step up the green revolution by launching tree-planting campaigns of bare hills, reclaiming (?waste) land and building new economic zones.

Fishery and exploitation of maritime products are of great importance in Vietnam, a country with 3,600 km of coastline and more than 1 million square kilometres of territorial sea and exclusive economic zone, therefore, to develop maritime science and technology and sea economy is one of Vietnam's major economic orientations.

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CSO: 4200/1135 END